



# Solihull Retail, Leisure and Offices Study Update 2011

Prepared on behalf of

**Solihull Metropolitan Borough Council**

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# 1 Introduction

- 1.1 In May 2009, DTZ completed the Solihull Retail, Leisure and Offices Study for Solihull Metropolitan Borough Council (hereinafter referred to as 'the 2009 report'). The 2009 report was commissioned to form part of the evidence base for the emerging Local Development Framework and included quantitative forecasts of future retail floorspace capacity in Solihull, Shirley, Chelmsley Wood and Knowle, and in out-of-centre locations in the Borough. Since 2009, the national economy has until recently been in recession, and as a result, some of the data inputs and assumptions underpinning the forecasts in the 2009 report are no longer valid. Solihull Council therefore instructed DTZ in March 2011 to update the retail capacity forecasts with the latest information on growth in population and expenditure, and other forecasting parameters.
- 1.2 The recent recession has also affected the market for commercial leisure facilities, and for offices. Our instructions therefore also included updating those parts of our 2009 report which covered leisure and office uses in the Borough.
- 1.3 In preparing the new retail capacity forecasts in this report, we have taken account of and updated as many of the data inputs and assumptions as possible. These include the effects of the 'credit crunch' and recent economic recession, rapid growth of internet shopping, changes in the floorspace and occupancy of shops and stores, and changes in retailers' sales densities. The forecasts in this report are therefore based on the most up-to-date information currently available.
- 1.4 As agreed with the Council, we have not undertaken a new household interview survey of shopping patterns in the catchment area of Solihull and the smaller town centres in the Borough. Since we undertook the household interview survey in July 2008, there has been little new retail development in the Borough and its catchment area. The main exception is the new development in Chelmsley Wood Town Centre, anchored by the new Asda superstore. We have therefore relied mainly upon the results of the survey we undertook in July 2008 as the basis for our 2009 report – but have made judgements about the likely effects on shopping patterns of the Chelmsley Wood town centre development.
- 1.5 After this introduction, in Section 2 of this report we review the latest national trends in retailing and retail development, and the implications for town centres and retail development in the Borough of Solihull. In Section 3 we provide an updated review of the current planning policy context for retail, leisure and offices development in the Borough. Section 4 describes the basis of our updated retail capacity forecasts, and the data inputs and assumptions on which they are based. Section 4 also sets out and describes the new forecasts for Solihull Town Centre, the three smaller town centres and out-of-centre shopping in the Borough.
- 1.6 Section 5 provides an updated summary of the qualitative retail assessment undertaken in 2008. Section 6 is our update of the potential for additional commercial leisure facilities, and Section 7, our updated assessment of the Solihull offices market. In Section 8, we update our previous advice on potential sites for new developments to meet the needs we have identified earlier in the report. Finally, in Section 9, we summarise our principal conclusions and the implications for planning and development in the Borough of Solihull.
- 1.7 The appendices provide supporting information, including full details of our updated RECAP Model retail capacity forecasts.

## 2 National Trends in Retailing and Retail Development

- 2.1 In this Section, we comment in broad terms on UK national trends in retailing and retail development, and the lessons for planning policy and development in Solihull Borough. They are described in no particular order of importance.

### **Continued Growth of Food Retailers – the Race for Space and Market Share**

- 2.2 In their latest report on 'UK Food & Grocery Retailers 2010', September 2010, Verdict Research commented, *'With a period of subdued growth commencing, grocers will aim to add space to steal share from rivals'*. They are doing this by developing new stores in a range of size formats, and by extending existing stores including installing mezzanine sales floors. Tesco has been aiming to add 230,000 sq m (2.4m sq ft) in the form of 26 'Extra' stores and 181 'Express' stores in 2010/11; and Sainsbury's 232,000 sq m (2.5m sq ft) in 15 to 20 new large stores each year, plus 100 new convenience stores, over the two years to March 2011. Morrisons added 74,000 sq m (800,000 sq ft) in 2009/10. Asda has grown by opening new superstores and extending existing; and by acquiring the Netto chain of discount supermarkets, which are now being rebranded (and in some cases extended). In addition to opening more of its standard format supermarkets, Waitrose has a target of over 300 local convenience stores. Iceland and the 'hard discounters' have also been busy acquiring new floorspace. Iceland, for example, acquired 51 former Woolworths stores.
- 2.3 This race for space is not yet over. Whilst in theory the market for new foodstores is approaching saturation, expansion of space occupied by the principal food retailers will be likely to continue as long as they are able to take market share from other retailers, including those operating from town and district centres. Small independent retailers in particular will continue to be replaced by fewer but larger convenience stores operated by the major food retailers. Space will also be created by conversion of non-food retail outlets, for example former Woolworths stores, and vacant non-food retail warehouses. Regarding the latter, there are a number of examples of applications for relaxation of planning conditions on out-of-centre retail parks, to permit food retailing.
- 2.4 The growth of superstores (almost all of which are operated by the 'big four' – Tesco, Asda, Sainsbury's and Morrisons), and smaller stores (mainly local convenience stores operated by the major food retailers, and discount supermarkets) has been at the expense of food specialists, and off-licences & tobacconists. Table 2.1 shows the change % in total grocery market sales, floorspace and number of stores by outlet type 2005 to 2010. Table 2.1 shows that sales in superstores and smaller stores have shown substantial growth in percentage terms over the last five years, whilst sales in food specialists and off-licences & tobacconists have fallen significantly. Put simply, the superstores and (mainly branded) smaller stores have taken all of the growth in expenditure and more.

**Table 2.1:**  
**Change in total grocery market sales, floorspace and number of stores by outlet type 2005 to 2010**

Outlet Type	Change in Grocery Market Sales	Change in Floorspace	Change in Number of Stores
Superstores (1)	26.4%	19.3%	11.1%
Small stores (2)	24.4%	-1.6%	-1.9%
Food specialists (3)	-6.3%	-9.5%	-12.0%
Off-licences & tobacconists	-16.2%	-20.1%	-25.1%

Source: 'UK Grocery Food & Retailers 2010', Verdict Research Limited

Notes:

- (1) Grocery stores greater than 25,000 sq ft net
- (2) Supermarkets, Co-ops and convenience stores less than 25,000 sq ft net
- (3) Butchers, bakers, greengrocers, fishmongers and other food specialists

Based on current prices in each year, i.e. not adjusted to remove the effects of price inflation

- 2.5 Particularly striking is the fact that sales in smaller stores have grown by 24.4% at the same time as floorspace in this category has fallen by 1.6%. This is the result of the large increases in sales density which occurred when modern branded convenience stores operated by (in particular) Sainsbury's, Tesco and Marks & Spencer supplanted larger numbers of independent local convenience stores. Amongst food specialists and off-licences & tobacconists, sales have fallen at a lesser rate than floorspace, indicating that the surviving outlets have become more efficient in terms of sales density. Superstores, most of which are out-of-centre, are the only category to have increased in numbers over the last five years – despite the long-standing (and bipartisan) sequential approach in national planning policy. The increase in superstore floorspace has been greater than the increase in the number of superstores, as a result of widespread superstore extensions.
- 2.6 Table 2.2 shows the change in numbers of stores and sales by outlet type over the same 5 year period 2005 to 2010. Again, this shows the inexorable growth of superstores in both numbers and the proportion of total grocery market sales; and the decline in the numbers of food specialists and off-licences & tobacconists and their proportions of total grocery market sales. It also confirms that despite a small fall in the number of smaller stores, their market share increased, as a result of branded stores operated by the major food retailers supplanting local independent retailers. Also, as Verdict comments, 'symbol groups such as Musgrave (Budgens & Londis), Nisa-Today's, Premier and Spar are all actively recruiting independents, upping store standards, range, private label and price credentials'.

**Table 2.2:**  
**Grocery Market Outlets and Share of Sales by Outlet Type 2005 and 2010**

Outlet Type	2005		2010	
	No. of Outlets	Proportion of Total Sales	No. of Outlets	Proportion of Total Sales
Superstores (1)	1,385	51.9%	1,539	53.8%
Smaller stores (2)	32,288	38.1%	31,666	38.8%
Food specialists (3)	28,244	6.0%	24,856	4.6%
Off-licences & tobacconists	13,373	4.1%	10,019	2.8%

Source: 'UK Grocery Food & Retailers 2010', Verdict Research Limited

Notes:

- (1) Grocery stores greater than 25,000 sq ft net
- (2) Supermarkets, Co-ops and convenience stores less than 25,000 sq ft net
- (3) Butchers, bakers, greengrocers fishmongers and other food specialists

- 2.7 In 2005, superstores and smaller stores together accounted for 89.9% of total grocery market retail sales, but by 2010 this had risen to 92.5%, according to Verdict Research. Thus superstore development and that of branded convenience stores and discount supermarkets nationally has been accompanied by impacts on local independent retailers and a decline in their numbers and sales. Most of the latter outlets are in town, district and local centres, rather than in out-of-centre locations. However, the growth of branded convenience stores in district and local centres, operated by the major food retailers, has added new and popular 'anchors' to many such centres. It has also replaced outdated outlets with relatively more efficient and attractive stores, albeit at the cost of increasing the concentration of grocery retailing into the hands of a small number of national chains.
- 2.8 Most new superstores and superstore extensions have been out-of-centre, or at best edge-of-centre (in terms of the sequential approach). However, Asda (in particular) has recently developed new town centre superstores, for example in Harlow, Halesowen, Rugby and Chelmsley Wood. Asda is also the intended occupier of the proposed Shirley Advance/Parkgate retail development in Shirley Town Centre. There is therefore no reason in principle why new superstores cannot anchor new town centre developments in many small and medium-sized centres, in place of department and variety stores which have traditionally been seen as the only viable anchors. This is particularly the case now that most food superstores have up to half their floorspace devoted to the sale of a wide range of comparison goods; and thus have become variety stores.

**Table 2.3: Market Shares of Total Grocery Market Sales by Retailer 2005 and 2010**

Retailer	Market Share (%)	
	2005	2010 (1)
Tesco	25.5	27.5
Asda	13.8	15.1
Sainsbury	13.6	14.5
Morrisons	9.5	9.9
Co-op (2)	2.9	6.2
Waitrose	3.0	3.6
Marks & Spencer food	3.2	3.3
Iceland	1.4	1.8
Aldi	1.1	1.8
Lidl	1.3	1.8
Netto	0.6	0.6
Ocado	0.1	0.4
<b>Sub-total</b>	<b>76.0</b>	<b>86.5</b>
Others (2)	24.0	13.5
<b>Grand Total</b>	<b>100.0</b>	<b>100.0</b>

Source: 'UK Grocery Food & Retailers 2010', Verdict Research Limited

Notes:

(1) 2010 market shares estimated by Verdict

(2) Somerfield (subsequently acquired by Co-op) was included under 'others' in 2005

- 2.9 Table 2.3 shows the market shares in 2005 and 2010 of each of the major food retailers. It shows that Tesco has continued to grow its market share. Asda has also grown well – the more so when its recent acquisition of Netto is included. Amongst the second tier of food retailers, Waitrose continues to expand; and is attempting to move into local convenience retailing. Having purchased Somerfield and rebranded most of the retained stores, the Co-op appears resurgent. This deal has substantially increased the market share of the Co-op, and turned it into the national 'community' convenience stores retailer with the greatest portfolio of such stores. It has also made it the fifth largest UK grocery retailer, with an estimated market share of 6.2% in 2010 according to Verdict (approaching twice the market share of each of its next nearest rivals, Waitrose and Marks & Spencer).

- 2.10 Two of the deep discount food retailers Aldi and Lidl have together gained significant market share (together up from 2.4% in 2005 to 3.6% in 2010). It has been reported that many shoppers who in more affluent times would not have considered shopping in the discount supermarkets are now seeking out their relatively low prices. Netto's market share remained flat at 0.6%. However its ongoing integration into the Asda portfolio may well result in significant further growth in Asda's market share.
- 2.11 The opportunities for development of new food superstores are diminishing, due to increasing market saturation, lack of suitable and available sites, and national planning policies restricting out-of-centre development (the sequential approach and impact tests of 'Planning Policy Statement 4: Planning for Sustainable Economic Growth' in England, and similar provisions in Scotland and Wales). To help maintain their growth in food retailing market share therefore, the major food retailers have moved aggressively into local convenience goods stores. Both Tesco and Sainsbury's have bought existing chains of such shops and converted some of them to their own branded formats; and Asda has recently bought the Netto chain of discount supermarkets. Marks & Spencer has until the recession been rolling out its 'Simply Food' format of small shops and stores (although recently it has closed some under-performing such shops). The major food retailers have also moved into petrol forecourt retailing on a substantial scale, with formats such as Tesco Express, Sainsbury's Local and Marks & Spencer Simply Food. In addition, the major food retailers have developed compact store formats for smaller towns, such as market towns; which hitherto depended on small town centre supermarkets and specialist food shops and markets.

### **Comparison Goods Sales and Services by Food Retailers**

- 2.12 Over a long period, convenience goods expenditure growth has come nowhere near the very high rates of growth in comparison goods expenditure achieved (until the recession) since the mid 1990s. The 'big four' food retailers, particularly Tesco, Asda and Sainsbury's, have therefore moved into comparison goods sales to drive company growth. Existing food superstores are still being extended wherever possible; with the great majority of the extension floor space used for the sale of comparison goods. New superstores usually have at least 30% of their floorspace used for comparison goods sales, and up to 50% in the largest stores such as Tesco Extra superstores. Verdict estimates that grocers' share of total retail expenditure will have increased by 1.3 percentage points to 42.9%, during 2010. They comment, 'the Big Four in particular, by making continued inroads into non-food sectors through their larger out-of-town store formats and developing Direct and on-line propositions will continue to grow share of overall retail spend'.
- 2.13 The superstore comparison goods sales include new categories of goods such as furniture and DIY goods, together with clothing, a wide range of electrical and electronic goods, and household goods. The size of new superstores is also increasing substantially. Thus for example, Tesco is promoting its Tesco Extra stores, which can be up to twice as large as the largest superstores of a few years ago; and the company is starting to promote its 'department store' concept, although no such stores have yet been developed. Asda has aspirations to open 150 new 'Asda Living' non-food stores. This strong growth by a small handful of retailers could in time threaten competition, by reducing the number of retailers in the market. It will significantly cream off growth in comparison goods sales from town centres, mainly to out-of-centre superstores and retail parks.
- 2.14 Some of the 'Asda Living' stores are in or on the edge of town centres. This demonstrates that it is not essential for food retailers to extend their existing out-of-centre superstores or develop ever larger superstores, in order to capture more of the non-food market. Under the sequential approach, such outlets should wherever possible be in or on the edge of town centres. Asda's proposals demonstrate



that although less desirable for the superstore operators, such an approach can be made to work. But it will need rigorous enforcement of the sequential approach by local planning authorities.

- 2.15 Whilst growth in non-food sales by food retailers has been limited by the recession, this is likely to be a temporary phenomenon. Verdict commented in an earlier report that *'grocers are still well placed to leverage their footfall and low price credentials to gain non-food share from specialist rivals'*. Verdict expected continued growth in non-food sales by food retailers, albeit at a slower pace than the last few years; and commented that *'supermarkets are one of the main beneficiaries of Woolworths' downfall'*. It is clear that the principal food retailers – who were still making substantial profits from food sales – have seen the recession as a golden opportunity to try to exploit the weakness of many non-food only retailers, and to increase their market shares of non-food sales. Since most of the stores large enough to achieve this are located out-of-centre, this has amounted to decentralisation of comparison goods sales contrary to the principle of 'town centres first' in the former PPS6, and now PPS4.
- 2.16 The principal food retailers have also moved into services; and in their larger superstores often offer financial services, dry cleaning, photo processing, travel agencies and pharmacies. Verdict comments (in their 2010 report), *'investment into non-retail services such as banking will increasingly pose a threat to non-retail competitors'*. Superstores are thus increasingly becoming 'one stop shops'. Most small town centres and district centres have lost their food retailing 'anchors' and some of their comparison goods retailing, to larger centres, out-of-centre superstores and retail warehouses. Fortunately for their vitality and viability, new services have grown to replace these losses, such as health and beauty salons, and cafes, bars and restaurants. Most have also managed to retain pharmacies and chemists, with the result that shopping for chemists', medical and beauty products is still the most localised category of comparison goods shopping. To help maintain the vitality and viability of small town centres and district centres therefore, it will be essential that any planning permissions granted for new out-of-centre and edge-of-centre superstores and superstore extensions are subject to planning conditions preventing them from including services outlets and the sale of goods still widely found in such nearby centres. In particular pharmacies, post offices, sale of newspapers and magazines, travel agencies, dry cleaning and financial services outlets should be prevented in out-of-centre superstores, wherever possible.

### **Pressures on Small Retailers and Secondary Shopping Areas**

- 2.17 There is a widely held perception that the growth of superstores, and the move into local food retailing by the major operators, has had a serious impact on small retailers, many of which are independent. This is confirmed by the data set out in Tables 2.1 and 2.2 on the growth of sales in superstores and smaller supermarkets, at the expense of the number of smaller supermarkets, and the number and sales of specialist food retailers. In 2006 the House of Commons All-Party Parliamentary Small Shops Group enquired into this perceived phenomenon, and published its report, 'High Street Britain: 2016'. The report concluded, inter alia, 'Large retailers find it much easier to offer improved propositions to affluent customers, attracting enough spend away from small shops to stop them trading, resulting in all consumers, within a specific catchment to become reliant on the large retailers'. The report also concluded, 'The biggest losers, however, will be the consumers. Restricted choice of store brands, restricted choice of available products restricted choice of shopping locations, higher prices and reduced customer service are all strong possibilities in 2016. Although some consumers today may be benefiting from a competitive market this is entirely unsustainable and cannot continue'.
- 2.18 The report went on to observe that these trends threaten social inclusion, with potentially adverse effects for society. A number of recommendations were made to government, aimed at ameliorating the competitive environment for small retail businesses. Partly as a result of the Group's report, the OFT and the CC undertook the last Inquiry into the supermarket 'industry'.

- 2.19 Research published in November 2004 by the National Retail Planning Forum in the report 'The Role and Vitality of Secondary Shopping – A New Direction' concluded that over the previous 10 years, there had been a significant change in secondary shopping. In such locations, the number of retailers had declined, but the number of service businesses had increased. The result was that in general, shop vacancy rates in secondary shopping areas had fallen – although there were specific pockets of decline and high vacancy, usually easily explicable by locational factors; such as being separated from the remainder of the town centre by a busy access road. The research also concluded that secondary shopping areas were much more diverse in their composition than prime retail areas, and were heavily dependent on independent businesses. We believe that this is still the case today. Many small town centres and most district centres are now services and shopping centres, rather than vice-versa. Their 'anchors' are now often health and beauty salons, cafes and restaurants, pharmacies, post offices, dry cleaners and estate agents, rather than foodstores catering for bulk weekly shopping, or comparison goods shops.
- 2.20 A number of recommendations were put forward in the NRPF report for enhancing the prosperity of secondary shopping areas. In summary, these focused on:
- Creating a coherent pedestrian environment through breaching barriers to easy pedestrian movement, introducing new pedestrian flow generators, and improving linkages with the prime retail areas;
  - Managing change to non-retail uses where appropriate;
  - Creating financially viable developments through introducing new value generators to form mixed use schemes;
  - Improving the public realm through new investment;
  - Supporting independent businesses by providing low cost business support services;
  - Applying asset management principles and niche marketing;
  - Using new methods of leasing, so as to improve landlord control of repairs and maintenance;
  - Obtaining specialist advice on the impact of proposed new retail developments;
  - Evolving more sophisticated planning policies for change of use;
  - Applying town centre management;
  - Ending differential pricing under which the major food retailers charge higher prices in their small local stores than in their car-accessed superstores;
  - Applying the sequential approach and controlling out-of-centre development;
  - Undertaking further research on a number of related topics.
- 2.21 Although the report has not been updated subsequently, we consider that most if not all of these recommendations remain valid today, and would apply to the smaller centres and other secondary shopping areas in the Borough of Solihull.

### **Retail Expenditure**

- 2.22 Since the late 1990s and until the start of the recent recession, there was very substantial growth in retail expenditure on comparison goods. Over the period 1997 to 2007, Pitney Bowes' 'Retail Expenditure Guide 2010/2011 indicates that per capita expenditure on comparison goods in the UK grew at an annual average of approximately 6.3% in real terms. This is above the historic long term trend (1979 to 2009) of 5.4% pa, and well above the ultra-long term trend (1964 to 2009) of 4.5% pa.

In 2002, growth actually hit 9.6%. For convenience goods, the average annual growth has been much less, at approximately 1.1% pa over the period 1997 to 2007. Even this is significantly above the long term trend of 0.8% pa and the ultra-long term trend of 0.6% pa. In addition, there has been some population growth. Over the period 1971 to 2004, for example, the UK population grew by almost 7%; and with the accession of countries in Eastern Europe to the EU, growth appears to have accelerated as a result of increased immigration. The combined effect of population growth and growth in per capita expenditure has been substantial increases in total retail expenditure, and hence sales, particularly for comparison goods. However, much of this retail 'boom' was substantially debt-financed, and as recent events proved, unsustainable.

- 2.23 At the end of 2007 the 'credit-crunch' initiated a global economic downturn which at first slowly took hold in 2008; but since October 2008 became a spectacular 'bust' with the near collapse of the banking system, followed by large-scale government support, both in Britain and elsewhere. As a result, the UK economy passed through a short but severe recession, from which it is only slowly emerging. Per capita expenditure on convenience goods fell during 2008 and 2009 (by 1.5% and 2.7% respectively); and on comparison goods rose by 3.8% in 2008 then fell by 0.3% in 2009. We have taken account of these changes in our retail capacity forecasts.
- 2.24 From 2009 to 2020, Oxford Economics has forecast average growth in per capita expenditure on convenience goods of 0.4% pa, and on comparison goods of 3.8% pa. Within these annual averages, they forecast slower growth for the first few years, accelerating thereafter to levels above the average. Use of these growth rates in our retail capacity forecasts is explained in Section 4 below. Further growth of population is also expected, which will help to boost total available retail expenditure. However, the climate of severe austerity in the public sector in order to reduce the national deficit will be likely to constrain growth in expenditure, particularly in towns and regions most heavily dependent on public expenditure. This does not include the Borough of Solihull or its immediate catchment area.
- 2.25 As a result of falling consumer spending and difficulties of gaining credit during the recession, several well-known retailers collapsed, including Woolworths, MFI, Allied Carpets, Land of Leather, Zavvi and others. Since 1998 there has been price deflation in comparison goods, largely owing to globalisation and outsourcing of manufacturing to China. The Pitney Bowes/Oxford Economics price index for comparison goods in 2009 was 18.6% below its 1997 peak. This, together with unprecedentedly low mortgage rates (which greatly benefitted those who retained their jobs), has helped to maintain consumer spending. However, competition for scarce resources as a result of the rapid growth of the Chinese economy, and those of some other nations, may well end this trend once world economic growth accelerates. Recently, there has been substantial price inflation for convenience goods.

### **Retail Sales Densities**

- 2.26 Since the end of the previous economic recession in the early 1990s, a substantial amount of new retail floorspace has been developed. Much of it has been in the form of food superstores and retail warehouses, located on out-of-centre sites. Town centre development has been mainly in large and medium sized towns – the top 100 or so retail centres by size in the country. However, provision of new floorspace has not everywhere matched growth in expenditure, with the result that (until the recent recession) sales densities have been rising in town centres, and in retail warehouses. Sunday trading and extended weekday opening hours have enabled existing floor space to absorb substantial growth during the 'boom' years. Sales of higher value goods as incomes have risen, which do not necessarily need more space for storage, display and sale (and may need less owing to the trend for miniaturisation), has also resulted in higher sales densities. In practice, town centre sales densities have proved to be highly elastic, and the concept of 'overtrading' needs to be applied with some caution.

- 2.27 'Benchmark' company average convenience goods sales densities in food stores have shown mixed changes in recent years. Between the years 2007/8 and 2009/10, Aldi (+10.0%), Co-op (+23.7%), Morrisons (+30.4%), Netto (+21.5%) and Sainsbury's (+13.9%) have risen substantially; whilst Asda (-15.6%), Marks & Spencer (-19.6%), Tesco (-11.0%) and Waitrose (-16.0%) have fallen significantly. Iceland and Lidl have shown little change over this two year period. The sales densities for the hard discounters are subject to a greater degree of estimation than those for the other retailers mentioned above, and their apparent trends over time are less reliable. These increases in convenience goods sales densities have occurred at a time when many superstores have been extended. The falls in sales density at Asda and Tesco have been less than the rises at Morrisons and Sainsbury's. This suggests that store extensions do not trade at below company average levels (as is often claimed on behalf of applicants for planning permission for store extensions), but actually increase the attractiveness of stores, such that extended stores trade better than before the extensions.

### **Shopping Centre Development Pipeline**

- 2.28 s at March 2007 shortly before the start of the 'credit crunch' which led to the current recession, the UK shopping centre development 'pipeline' comprising schemes of over 50,000 sq ft gross with planning permission or under construction totalled 3.62 million sq m. This is higher than had been seen since the early 1990s. The majority of this was expected to be delivered in existing town and city centres between 2008 and 2011. Most of this floor space was in large schemes in the larger centres. However, in 2008 many of the planned developments became financially unviable as development values fell, largely due to a downturn in the property market. Loan finance for retail development also largely dried up. As a result, almost all developers of schemes which had not started on site postponed or scaled back the development, re-configured masterplans, or sought extensions of time to planning permissions and development agreements, so that their schemes can be implemented when the market recovers. There are a number of examples of schemes where construction has not yet started being abandoned, as a result of non-viability and financial difficulties experienced by the companies.
- 2.29 Although shopping centres that have not been built yet have the potential for delay or reconfiguring of plans, those that have recently opened or are nearing completion are facing a tough early life; as letting prospects for this space have become difficult. It is not surprising that because of the economic slowdown, there are fewer schemes now in the pipeline. However, lengthy development cycles mean that preparations need to continue now, at least in terms of getting supporting planning policies in place, so as to ensure delivery of new shopping centres in time to benefit from the next upswing in the retail development cycle, as the economy recovers further from the recession and growth accelerates.
- 2.30 Even before the onset of the economic downturn, there were few schemes committed or under construction in small town centres and district centres. It is difficult to make development financially viable in small centres, owing to low rental values for retail floor space there. Furthermore, the most sought after 'anchor' stores, Debenhams, House of Fraser and John Lewis are still facing tough trading conditions and will only consider acquiring the right stores in the right locations. John Lewis has recently started a programme to develop smaller stores in smaller towns, in its new 'John Lewis Home' format; but most of those so far developed or announced are in out-of-centre retail warehouses, rather than in town centres. John Lewis has also committed to develop a new full-line department store in Birmingham City Centre, in a proposed extension to The Palisades shopping Centre.
- 2.31 There are few other retailers, such as Next, Primark, Top Shop, River Island, H&M, New Look, which will currently consider acquiring major new 'secondary anchor' stores in new town centre developments. This put pressure on developers which had been preparing town centre schemes in smaller town centres such as Swindon and Bedford, and resulted in downwards pressure on rents, letting prospects and financial viability. Again, as a result of the economic slowdown in the town

centre retail development market, schemes which are not yet committed are still being deferred until more favourable economic and financial conditions return.

- 2.32 There has been a long term trend towards polarisation of comparison goods retailing into the largest town and city centres in the country at the relative expense of the smaller centres. Thus, whereas in 1971 the 200 largest centres in the country accounted for about 50% of all comparison goods sales, by 1996, this proportion has risen to about 75%<sup>1</sup>. Subsequent repeats of the National Survey of Local Shopping Patterns have shown that this trend has continued. Indeed, much of the space in new shopping centres opened in the last few years was in the larger centres, e.g. London suburbs, Exeter, Plymouth, Leicester, Bristol, Bath, Belfast.
- 2.33 The polarisation trend described above is unlikely to be reversed in the foreseeable future. However, mixed use development including new retail uses, and new food stores, may in principle be possible in smaller centres, subject to need and the availability of suitable sites. Chelmsley Wood is an example in the Borough where this has recently been achieved (although where an Asda superstore accounts for the great majority of the new retail floorspace); and the proposed Shirley Advance/Parkgate scheme in Shirley Town Centre is being actively pursued by its developers – again anchored by a proposed Asda superstore. In principle, Solihull Town Centre should be large and attractive enough for new town centre development to be made financially viable, once retail expenditure growth accelerates.

### **Retail Warehouses**

- 2.34 There have been a number of high profile failures amongst retail warehouse operators as a result of the recession, including MFI, Land of Leather, Rosebys, Allied Carpets, and very recently, Focus DIY; and closure of underperforming retail warehouses by JJB Sports and others. As a result, the national vacancy rate for retail parks rose from 8.3% in 2007 to about 12% in 2008. We believe that vacancy has risen further to at least 15% in 2009/10, resulting in up to about 300,000 sq m of vacant retail warehouses. There are currently 2 vacant retail warehouses on Solihull Gate Retail Park, Shirley, and a third which appears to be holding a closing down sale. Nevertheless, there remains some demand nationally for new retail warehouses from retailers, and support for this format from developers and investors – where planning permission can be obtained.
- 2.35 The range of retailers wishing to trade from retail parks continues to widen, well beyond the traditional 'bulky goods' furniture, floor coverings, electrical goods and DIY goods retailers. Retailers seeking retail park stores now include Next, Asda (with its Asda Living format), H&M Hennes, Debenhams, Arcadia Group, Boots, New Look, River Island, Argos. Perhaps partly as a result of the weakened value of the pound, some continental and USA retailers are now starting to enter the market for retail warehouses in the UK. Examples include Kitchen House, Seats & Sofas, JYSK, Homesense. John Lewis has begun development of a chain of up to 50 stores of about 5,000 to 7,000 sq m gross, selling homewares (the 'John Lewis Home' format), probably most of which are likely to be on retail parks. Marks & Spencer has opened a homewares and food store in a retail warehouse at Cardiff, and plans to roll out this format more widely.
- 2.36 At the same time, the former PPS6 and now PPS4 have imposed the sequential approach, which theoretically makes it more difficult to expand the supply of retail park stores. As a result, there is pressure for relaxation of bulky goods conditions on existing retail warehouses (often incrementally on a unit by unit basis), extension of existing retail parks and subdivision of large stores. This includes pressure for food retailing to be allowed from retail warehouses, with recent such examples in

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<sup>1</sup> Sources: Census of Distribution 1971, and 'National Survey of local Shopping Patterns 1996' Hillier Parker.

Northampton and Nottingham. As always, developers of new retail warehouses continue to press for minimum restrictions on the goods which may be sold.

- 2.37 Large numbers of mezzanine floors have also been installed, taking advantage of previously lax planning regulation of internal alterations, thus substantially expanding out-of-centre trading space. There was a dash to complete the installation of mezzanine floors wherever possible, before the new regulations to prevent it were imposed in May 2006, as can be seen within many of the retail warehouses in Shirley. Surely a classic case of 'shutting the stable door...!' Most retailers seeking retail warehouse space now will only agree to occupy a store if it has planning permission for installation of a mezzanine floor.

### **Internet Shopping**

- 2.38 Internet and other forms of online shopping have increasingly becoming a major feature of the retail landscape. Verdict estimated that in 2010, online spending accounted for approximately 8.0% of all retail expenditure<sup>2</sup>. They forecast that this will rise to 12.1% by 2015. Based on their work, we calculate that in 2010, 3.8% of all food and grocery sales were via online shopping, and 11.5% of all comparison goods sales; and that these proportions are forecast to rise to 5.8% and 18.0% respectively by 2015.
- 2.39 Some of the recent growth has been at the expense of traditional non-store sales, in particular mail order shopping. However, Verdict estimated in 2008 that 'four out of five online purchases are made at the expense of another retailer.' Internet spending has not been isolated to so-called 'easy to mail' goods. Many consumers admit to browsing products on sale in 'high street' stores, before ordering the same goods online at discounted prices.
- 2.40 In order to combat the browsing but not buying phenomenon, increasing numbers of traditional retailers are 'internet price matching' as well as diversifying their channels of product distribution to embrace the internet in parallel with continuing store sales. Many trusted brands which also have traditional 'bricks and mortar' stores are now embracing 'clicks and mortar', for example with internet based 'reserve and collect' services. This is also the case with the major food retailers, all of which (apart from Morrisons) have internet shopping channels, in some cases sourced from local stores (e.g. Tesco), so contributing to local store sales.
- 2.41 The recession has given a boost to online shopping by offering traditional retailers the potential for cost savings. Verdict commented in 2009, 'Unfavourable economic conditions are forcing retailers to scale back their physical portfolios, but by investing in their online operations they can reach a wider customer base.' Thus for example, John Lewis has only a small number of department stores, but by means of John Lewis Direct can cover the entire country. The opportunity to reach a wider customer base also applies to small independent retailers as to national multiples, and perhaps more so. An independent specialist retailer located in low cost accommodation in a small market town or a secondary shopping area, can build a substantial national business by means of the internet. A good for example is Axminster Tool Centre, which boasts 'tools to your door'; and from their base in rural Devon has expanded into new tool centres in retail warehouses in Sittingbourne, High Wycombe, Nuneaton and Warrington.
- 2.42 The impact of internet shopping varies between different retail sectors. Verdict estimates that in 2010, the lowest penetration was in health and beauty goods (3.6% of all retail spending), and the highest, music and video (55.2%), books (35.1%) and electricals (28.0%). In the medium term, the growth will also be uneven. For example, digital downloads have transformed the music and video industries. Thus the 'high street' retailer of recorded music, Zavvi, was forced to close in 2008, and HMV is reported to be suffering falling sales (and has recently sold its Waterstones chain of bookstores).

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<sup>2</sup> 'UK e-Retail 2011', Verdict Research Limited, May 2011

Indeed, Verdict expects that internet sales of music and video will soar to 93.4% of all retail sales in this category of goods by 2015.

- 2.43 Verdict expects continued strong growth, albeit with a flattening of the trend as the online market matures, a substantial part of which will be at the expense of traditional retail shops and stores; despite traditional retailers embracing multi-channel selling, and substantial food sales via the internet being included in superstore sales. The trend to online retailers offering free delivery will also help growth. This means that increasing proportions of retail expenditure must be discounted from forecast growth, to allow for non-store expenditure via special forms of trading (SFT). We explain the basis for our deductions for SFT in Section 4 below.

### **The Implications for Solihull**

- 2.44 There are a number of implications of the above trends for retailing and retail development in Solihull Borough, which may be summarised as indicated below.
- 2.45 There may well be pressure for extensions to existing superstores in the Borough, particularly to sell more comparison goods. In the interests of protecting and enhancing the vitality and viability of existing centres, and maximising the prospects for achieving new town centre developments, such pressures should be resisted in the case of out-of-centre stores. Instead, the proposed Shirley Advance/Parkgate scheme in Shirley Town Centre (since permitted), further retail development in Chelmsley Wood Town Centre. Proposals for new foodstores in non central locations should also be resisted subject to the sequential test. The proposed Waitrose supermarket in Knowle Local Centre should in principle be supported and encouraged by the Council.
- 2.46 For the same reasons, further out-of-centre retail warehouses, relaxation of 'bulky goods' conditions on existing retail warehouses, and installation of mezzanine floors should be resisted, as far as possible.
- 2.47 New retail development in town centres is likely to remain in waiting for at least the next year or two. However, it will be important to progress preparations for the next phases of town centre development in Solihull Town Centre, such as at Mell Square and/or extension of the Touchwood Centre, so that this can be brought to the market in good time for the coming upswing in the national economic cycle. This will include making sure that there is appropriate policy support in the emerging development plan, and negotiating with developers towards development agreements for implementation.
- 2.48 It is unlikely that new retail development (apart from possible new foodstores) in the local centres in the Borough will be financially viable on its own. When the retail and residential development markets recover from the present low economic growth, to achieve new retail development in these local centres, it will be necessary to encourage non-traditional forms of development. These will either need to be mixed use schemes, probably including substantial residential elements so as to increase value and subsidise the ground floor retail accommodation, or be low cost developments such as free-standing discount supermarkets, or branded local convenience stores.
- 2.49 Secondary shopping in the Borough (i.e. the non-prime retail areas of town centres, and the small district and local centres) will be likely to remain vulnerable for some time, and will need continuing support if it is to survive and prosper. The recommendations set out in the NRPF report referred to above should be applied wherever possible; to improve the prosperity of secondary shopping, and help retain its important function of providing specialist goods and services and contributing to retail diversity in the town centres and throughout the Borough.
- 2.50 The rapid growth in online shopping means that existing retailers should be encouraged to establish their own transactional websites, perhaps also linked together to form town centre webring accessed via a portal site for each centre. Diversification of their channels of distribution in this way will enable them to tap into a much larger potential market than their local geographical catchment area alone.

Clearly, this will be more practicable for some retailers than for others, but some of the specialist retailers in the Borough should be well able to achieve increased sales by this method.



### 3 Planning Policy Context

- 3.1 In this Section, we review national planning policies for new retail and other town centre development and identify the principal implications for the Borough of Solihull. We also consider the regional planning policy context in order that the findings of this report can be tested against emerging planning policy requirements. This review updates the planning policy context of our 2009 report to account for national policy contained within PPS4 which replaced the earlier Planning Policy Statement 6: Planning for Town Centres (2005) in December 2009, and the emerging policy contained within the Core Strategy and RSS review.

#### National Planning Policy

- 3.2 National planning guidance is contained in Planning Policy Guidance notes (PPG's), Planning Policy Statements (PPS's), and Circulars prepared on specific issues by Central Government. A brief review of the most relevant national planning guidance is provided below.

#### Planning Policy Statement 4: Planning for Sustainable Economic Growth (2009)

- 3.3 National Planning Policy for town centre development is set out in 'Planning Policy Statement 4: Planning for Sustainable Economic Growth', December 2009. This document replaced PPS6: Planning for Town Centres (2005) and reiterates the now well established 'town centres first' principle (i.e. that new development of retailing and the other defined uses should, wherever possible, be located in existing centres). These are the locations most accessible by public transport and where one trip can serve several purposes; thus simultaneously facilitating switching from cars to public transport and reducing the overall need to travel (i.e. achieving sustainability), and improving facilities for people without cars (i.e. improving social inclusion).
- 3.4 PPS4 outlines the Government's overarching commitment to delivering sustainable economic growth through a set of complex objectives for planning which try to:
- *build prosperous communities by improving of economic performance;*
  - *reduce the gap in economic growth rates between regions, promoting regenerations and tackling deprivation;*
  - *deliver more sustainable patterns of development, reduce the need to travel, especially by car and respond to climate change;*
  - *promote the vitality and viability of town and other centres as important places for communities; and*
  - *raise the quality of life and the environment in rural areas.*
- 3.5 Promoting the vitality and viability of town and other centres as important places for communities is to be achieved by:
- *focussing new economic growth and development of main town centre uses in existing centres, with the aim of offering a wide range of services to communities in an attractive and safe environment;*

- *improving competition between retailers and enhancing 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); and*
  - *the historic, archaeological and architectural heritage of centres to be conserved and, where appropriate, enhanced to provide a sense of place and a focus for the community and for civic activity.*
- 3.6 Policy EC1 requires local planning authorities to use evidence to plan positively for sustainable economic growth. At the local level, i.e. Solihull Borough, the evidence base should be informed by the Regional Centres Study for the West Midlands and should assess the detailed need for land or floorspace for economic development for all main town centre uses over the plan period. The evidence base should identify any deficiencies in the provision of local convenience shopping and other facilities which serve people's day to day needs. It should assess the existing and future supply of land available for economic development and assess the capacity of existing centres to accommodate new town centre development.
- 3.7 Policy EC1.4 states that assessment of the need for retail and leisure development should take account of both the quantitative and qualitative need for additional floorspace and give additional weight to meeting qualitative deficiencies in deprived areas, for example in the North Solihull Regeneration Area.
- 3.8 When assessing quantitative need local planning authorities should have regard to relevant market information, and economic data including a realistic assessment of existing and forecast population levels, forecast expenditure within the broad categories of comparison and convenience goods and for main leisure sectors and forecast improvements in retail sales density.
- 3.9 When assessing the qualitative need for retail and leisure uses local planning authorities should assess whether the provision and distribution of shopping, leisure and local services, allows genuine choice to meet the needs of the whole community, and should take into account the degree to which shops may be overtrading and whether there is a need to increase competition and retail mix. This assessment should be made in light of the objective of PPS4 to promote the vitality and viability of town centres and the sequential approach.
- 3.10 Policy EC2 will plan for sustainable economic growth and states that regional planning bodies and local planning authorities should ensure their development plan sets out a clear economic vision and strategy for their area, supports existing business sectors, seeks to make the most efficient and effective use of land, positively plans for the location, promotion and expansion of clusters or networks of knowledge driven or high technology industries, identifies, protects and promotes key distribution networks and plans for the delivery of the sustainable transport and infrastructure.
- 3.11 At a local level Policy EC2 states that plans should safeguard land from other uses where necessary and identify a range of sites to facilitate a broad range of economic development, encourage new uses for vacant or derelict buildings, consider how sites for different business types can be delivered, and facilitate new working practices such as live/work.

- 3.12 Policy EC3 will plan for the centres and states that regional and local planning authorities should set out within their economic vision a strategy for the management and growth of centres over the plan period. At a regional level these should focus on higher level centres, i.e. Solihull town centre, to provide a strategic framework for planning for centres at the local level. As part of their strategy authorities should set flexible policies for their centres which are able to respond to changing economic circumstances and define a network and hierarchy of centres that is resilient to anticipated future economic changes.
- 3.13 In defining the network and hierarchy, authorities should have
- *Ensured any extensions are carefully integrated with the existing centre;*
  - *Where existing centres are in decline should have considered the scope for consolidating and strengthening these centres;*
  - *Where reversing decline is not possible should have considered reclassifying the centre at a lower level within the hierarchy (potentially allowing retail units to change to other supporting uses);*
  - *Ensured the need for new, expanded or redeveloped centre or any significant change in the role and function of centres is considered through the regional spatial strategy.*
- 3.14 At the local level, authorities should then define the extent of the centre and their primary shopping area, make clear in policy which uses will be permitted in such locations, consider setting floorspace thresholds for the scale of edge-of-centre and out-of-centre development which should be subject to an impact assessment (under Policy EC16.1), define locally important impacts on centres which should be tested (under Policy EC16.1.f), and set policy to encourage residential or office development above ground floor retail, leisure or other facilities within centres.
- 3.15 Authorities should also identify sites or buildings within existing centres which would be suitable for development, conversion or change of use and should use tools such as local development orders, area action plans, compulsory purchase orders and town centre strategies to address town centre issues.
- 3.16 Policy EC4.1 states that local planning authorities should proactively plan to promote competitive town centre environments and provide consumer choice by supporting a diverse range of uses, planning for a strong retail mix, supporting shops, services and other important small scale economic uses, identifying sites capable of accommodating larger format developments and retaining and enhancing existing markets.
- 3.17 Policy EC4.2 additionally states that local planning authorities should manage the evening and night-time economy in centres and should encourage a diverse range of complementary evening and night-time uses and set out the number and scale of leisure developments they wish to encourage taking account of their potential impact.
- 3.18 Policy EC5 considers the need for appropriate site selection and land assembly for main town centre uses. These should be appropriate and capable of accommodating identified need. Local planning authorities should:
- a) *base their approach on the identified need for development ;*

- b) *identify the appropriate scale of development, ensuring that the scale of the sites identified and the level of travel they generate, are in keeping with the role and function of the centre within the hierarchy of centres and the catchment served;*
  - c) *apply the sequential approach to site selection;*
  - d) *assess the impact of sites on existing centres; and*
  - e) *consider the degree to which other considerations such as any physical regeneration benefits of developing on previously-developed sites, employment opportunities, increased investment in an area or social inclusion, may be material to the choice of appropriate locations for development.*
- 3.19 Policy EC5.2 states that sites for main town centre uses should be identified through a sequential approach to site selection, and should identify sites that are suitable, available and viable in the following order:
- a) *locations in appropriate existing centres where sites or buildings for conversion a. are, or are likely to become, available within the plan period*
  - b) *edge-of-centre locations, with preference given to sites that are or will be well-b. connected to the centre*
  - c) *out-of-centre sites, with preference given to sites which are or will be well served c. 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.*
- 3.20 In assessing the impact of proposed locations for development under Policy EC5.1.d, Policy EC5.4 states that local planning authorities should take into account impact considerations (Policy EC16), particularly for developments over 2,500 sq m or any locally set threshold (e.g. for smaller villages and district centres). Any proposed edge of centre or out of centre sites should not have an unacceptable impact on centres within the catchment of the potential development, and any proposed sites within a centre should be assessed for their impact on other centres.
- 3.21 Policy EC5.5 states that having identified sites for development, local planning authorities should allocate sufficient sites in development plan documents to meet at least the first five years identified need, and where appropriate set out policies for the phasing and release of allocated sites to ensure that those sites in preferred locations within centres are developed ahead of less central locations.
- 3.22 In terms of development control Policy EC10.1 states that local planning authorities should adopt a positive and constructive approach towards planning applications for economic development, and that planning applications that secure sustainable economic growth should be treated favourably. Policy EC10.2 states that all planning applications for economic development should be assessed against the following impact considerations:
- *whether the proposal has been planned over the lifetime of the development to limit carbon dioxide emissions, and minimise vulnerability and provide resilience to, climate change*
  - *the accessibility of the proposal by a choice of means of transport including walking, cycling, public transport and the car, the effect on local traffic levels and congestion (especially to the trunk road network) after public transport and traffic management measures have been secured*
  - *whether the proposal secures a high quality and inclusive design which takes the opportunities available for improving the character and quality of the area and the way it functions*

- *the impact on economic and physical regeneration in the area including the impact on deprived areas and social inclusion objectives , and*
- *the impact on local employment.*

3.23 Annex D of PPS 4 sets out the key health check indicators to test the vitality and viability of town centres, as follows, and these have been considered as part of this Update and provide the basis for this report as far as data is been available. These criteria are set out in full in Section 4.

### **The Development Plan**

3.24 At the time of writing the statutory development plan for the application site comprises the Solihull Unitary Development Plan (2006) and the West Midlands Regional Spatial Strategy (2008).

#### West Midlands Regional Spatial Strategy (including Phase 1 Revision) (2008)

- 3.25 Regional guidance is provided through the West Midlands Regional Spatial Strategy (2008). In May 2010 the Coalition Government announced the revocation of Regional Spatial Strategies in a letter to local planning authorities and the Planning Inspectorate. The intention was that regional strategies would be rapidly abolished and that the letter would be taken into account as a material planning consideration in any planning decision. This has recently been tested by CALA Homes, who challenged the revocation in the High Court, which ruled the Communities Secretary had acted unlawfully in his unilateral decision on regional strategies.
- 3.26 Following this ruling, the Coalition Government reiterated their policy direction and placed an appropriate clause in the Localism Bill which has since been introduced to Parliament. Given the RSS remains a material planning consideration we make reference to the guidance set out in relation to the borough here.
- 3.27 From 1st April 2010, the Regional Strategy for the West Midlands consists of the existing Regional Economic Strategy (RES) and the West Midlands Regional Spatial Strategy (WMRSS) of January 2008, incorporating WMRSS Phase One. WMRSS Phase Two and Phase Three work will be incorporated into a future Regional Strategy prepared by the West Midlands Leaders Board.
- 3.28 The vision for the West Midlands region as set out in the RSS includes a region with diverse and distinctive cities, towns, sub-regions and communities. The broad vision is for an economically successful, outward looking and adaptable region, which is rich in culture and environment, where all people, working together, are able to meet their aspirations and needs without prejudicing the quality of life of future generations.
- 3.29 The Spatial Strategy for the West Midlands will enable all parts of the region to sustainably meet their own needs, in a mutually supportive way. This will be achieved by protecting and enhancing the region's environmental assets, and where appropriate making economic use of them, together with the prudent use of natural resources. These principles will guide the nature and location of development and improvements at sub-regional and local level.

- 3.30 The Regional Spatial Strategy (RSS) Phase One Revision was adopted in January 2008. The 'Prosperity for All' chapter draws the link between economic prosperity and the achievement of spatial strategy policy and establishes policies objectives for the development of retail, offices and leisure. It recognises that town and city centres are the drivers of the Regional and sub-regional economies and are of crucial importance to the Region's economic and social well-being and to the achievement of a sustainable pattern of development. It states that centres should be a key focus for future regeneration activities.
- 3.31 Policy PA11 establishes a network of 25 strategic town centres, which includes Solihull town centre. These strategic centres are to be the focus of major retail development, i.e. greater than 10,000 sq m, large scale office development, i.e. greater than 5,000 sq m and uses that attract large numbers of people, such as large scale leisure uses, stadia etc. Policy PA13 states that large scale out of centre developments are unlikely to be needed during the plan period and that smaller scale development proposals will need to be determined by individual planning authorities.
- 3.32 Policy PA10 encourages tourism and culture development that will enhance key regional tourist destinations and cultural assets. In particular it draws attention to the National Exhibition Centre (NEC) as an asset and a location that should be supported and strengthened through new development. The policy also encourages large scale developments to be located in sustainable locations, such as town centres.

Solihull Unitary Development Plan (2006)

- 3.33 The aim of the UDP in respect of centres is to enhance the role of existing centres within the Borough as a focus for retail, leisure and where appropriate other trip generating activities, particularly the three principal centres of Solihull, Shirley and Chelmsley Wood.
- 3.34 Chapter eight of the UDP relates to retailing and centres and explains the roles of each of the three main centres and sets out policies to improve the centres. It notes that Solihull town centre has emerged as a major retail centre for the region and has strategic centre status. Additionally it notes that Shirley town centre remains vulnerable to out of centre retailing and threat from rising traffic levels and that Chelmsley Wood town centre is in need of modernisation.
- 3.35 Policy S1 (existing shopping centres) supports development that will maintain or enhance the vitality and viability of existing centres. The scale and type of development should be appropriate having regard to the size and function of the centre. Policy S2 defines primary frontages in Solihull and Shirley.
- 3.36 Policy S3 supports proposals to maintain and strengthen function of Solihull Town Centre including mixed-use developments. It notes that the development of the Touchwood centre has off-set the need for major retail development until recently. It recognises the need to improve the environment of Mell Square shopping centre and encourages the refurbishment of the centre (proposal S3/1).
- 3.37 Policy S4 supports proposals that will maintain and strengthen the function of Shirley Town Centre including mixed use developments. In particular, proposal (S4/1) supports the development a new foodstore and proposal (S4/2) supports the development of new retail units within the centre both of which are delivered by the Parkgate scheme, which once again benefits from planning consent.

- 3.38 Policy S5 supports proposals that will maintain and strengthen the role of Chelmsley Wood, including mixed-use proposals, which is currently being developed. It notes that the centre is an important focus for the north of the borough and could have a major role in the regeneration of Chelmsley Wood. Proposal (S5/1) supports the refurbishment and improvement within or on the edge of the centre and proposal (S5/2) encourages proposals to improve access to the centre.
- 3.39 Policy S6 supports proposals that will maintain or enhance the role and function of the local centres having regard to the size and function of the centre. It notes that smaller centres have generally maintained role in providing for daily needs of local populations but are under pressure from large out-of-centre stores. This has led to a decline in convenience shops that have been replaced by more specialist shops, restaurants and professional services. Importantly, the UDP does not specifically identify other centres within the Borough and it is therefore assumed that for purposes of the UDP all other centres are either local centres or parades, which are covered by policy S7 (Parades and freestanding shops). This policy supports proposals that will maintain or enhance the role and function of local centres having regard to the size and function of the centre. The UDP notes that some local centres, such as Knowle are an important focus for the communities they serve.
- 3.40 In relation to out of centre retail development the UDP is permissive where the former PPG6 tests have been met, i.e. where need is demonstrated, disaggregation has been considered, no significant impact on the vitality and viability of the three town centres or the function of local centres, no available sites within or adjacent to existing town centres, easily accessible by a choice of means of transport. This policy has been superseded by PPS4.
- 3.41 Policy R8 supports the provision of Leisure, Arts and Entertainment facilities in town centres or other appropriate locations across the Borough subject to highway, environmental and residential amenity considerations.
- 3.42 Policy E3 (General office development) encourages office development in the three town centres. Other locations are considered acceptable subject to being easily accessible by public transport, acceptable impact on traffic and the environment, appropriate scale and design of development.
- 3.43 Policy E5 is permissive of development within the NEC boundary where it relates to and improves the role of the NEC, which is recognised as a key regional tourist and cultural asset. Proposal (E5/1) designates future development land for the NEC.
- 3.44 Policy E7 is permissive of hotel development in appropriate locations where form, scale and design are appropriate, highway and environmental impacts are acceptable.

### **Emerging Development Plan**

- 3.45 The Emerging Development Plan for the borough will be contained within the Local Development Framework Documents including the Core Strategy which is under preparation, and a future regional strategy. The themes of policy have been drafted for consultation and are discussed here.

#### Solihull Emerging Core Strategy (2010)

- 3.46 The overall strategy will focus housing growth and new employment opportunities in or near the North Solihull Regeneration Zone, with green belt adjustments to *secure the full potential and local growth ambitions*.

- 3.47 The Vision set out in the Core Strategy is that by 2026 Solihull will have *built on its distinct reputation as an attractive and advantageous location to live, work and visit with strong links to both the major urban areas of Birmingham and Coventry and to rural Warwickshire.*
- 3.48 Development will be focussed within the Urban West and its town centres, including the most accessible areas, avoiding over intensification of development in the mature suburbs and only permitting high density development in the most accessible locations.
- 3.49 Major retail, office, leisure, cultural and tourism development on Solihull Town Centre, with development in Chelmsley Wood and Shirley town centres to meet local needs.
- 3.50 The Strategy identifies four distinct areas of the borough – The North Solihull Regeneration Zone, The Urban West, Solihull Town Centre and the Rural Area, and individual aims for development. The key references to town centres are underlined below.
- North Solihull Regeneration Zone - The Strategy will allow for new residential environment within the Regeneration Zone, supported by new employment, including small and medium sized enterprises in local centres. The shopping environment in Chelmsley Wood Town Centre will be improved and further developed and new community hubs will be created with shops, community facilities, employment areas, education and training facilities and healthcare facilities. Birmingham Business Park will be expanded to encourage its continued attractiveness and success and address inequality in the adjacent North Solihull Regeneration Zone by improved access to jobs. The Strategy will encourage high quality development by major employers (e.g. Birmingham International Airport and Birmingham Business Park) to target employment opportunities to North Solihull Regeneration Zone.
  - The Urban West - The existing mature suburbs within the Urban West will be protected by the emerging Strategy and new high quality housing development will be provided in Solihull and Shirley Town Centres, Solihull Lodge and Marston Green. Shirley Town Centre will be improved with a new foodstore, more modern retail units, affordable housing and better links to Shirley Park. In addition, the PowerGen site will be regenerated to support the town centre. The Strategy will enable good quality, attractive business sites to provide a diversity of employment opportunities.
  - Solihull Town Centre - The Emerging Core Strategy will facilitate improvements to Mell Square and protect future redevelopment opportunities and improve connections between the railway station and the Town Centre. The Strategy will pursue opportunities for new development for a range of uses at Station Road, Eastern Gateway, Lode Lane and Touchwood Extension. Development will be phased to manage the impacts on existing retailers and maintain the balance of activity in the Centre. The High Street will be reinforced as the principal pedestrian route.
  - The Rural Area - The distinct character of settlements within the open countryside will be retained. Any new market housing will be focussed on the needs of newly forming and downsizing households in Balsall Common, Dickens Heath and Knowle/Dorridge/Bentley Heath, and the Strategy will ensure a good range of local services to meet local needs.
- 3.51 Emerging Core Strategy Policy 2 will support development in the most accessible locations, which are well served or are capable of being served by a variety of transport modes.



3.52 Emerging Core Strategy Policy 8 will maintain Solihull as a 'strong competitive town centre' and will further develop and strengthen the town centre to include the following measures:

- *Provide up to an additional 55,000 sq m (gross) of comparison retail floorspace 2006-2021 and have regard for a further 25,000 sq m (gross) of comparison retail floorspace 2021-2026 (based on technical evidence supporting the Regional Spatial Strategy Revision but subject to testing locally).*
- *Provide for an additional 35,000 sq m (gross) of new office floorspace 2006-2026 (based on technical evidence supporting the Regional Spatial Strategy Revision but subject to testing locally).*
- *Ensure effective phasing of development to retain the balancing of the town centre each side of the High Street and enhance the High Street as a principal route.*
- *Enable Mell Square improvements, and developments to provide for a range of uses at Station Road, Eastern Gateway, Lode Lane and through the extension of Touchwood.*
- *Support improved public transport facilities and links into the town centre, including improved connectivity between the railway station and the town centre, and encourage access by walking and cycling.*
- *Encourage a stronger evening economy that is attractive to a broad range of residents.*
- *Define the primary shopping area and primary/secondary retail frontages.*
- *Support the Town Centre as a location for a broad range of main town centre uses (defined in PPS4) and other appropriate uses, including residential, that could help to reduce the need to travel by car, encourage linked trips and support vitality and viability.*
- *Promote the centre as the preferred location for large-scale office retail and leisure developments, including mixed use developments.*
- *Support high-density development in the centre (or where appropriate edge-of-centre) to reflect high accessibility. Require high standards in urban design. Conserve the centre's historic core.*

3.53 Emerging Core Strategy Policy 9 will support economic success, including the following:

- *Enable a broad range of developments within Birmingham International Airport (BIA) and the National Exhibition Centre (NEC) to support their role and function, restrict ancillary and complementary developments to an appropriate scale. These could include mixed-use developments and tourism related development, subject to social, economic and environmental impacts. Include targets for public transport access by employees and visitors/travellers to BIA/NEC.*
- *Control the development of Birmingham Business Park and Blythe Valley Business Park to meet Regional Investment site (RIS) requirements (to be mainly B1 development). Enable complementary/ancillary development of a suitable scale, commensurate with serving park occupiers (including hotels, health and fitness leisure facilities, childcare provision, local shopping facilities, restaurants and banking facilities).*

- 3.54 Emerging Core Strategy Policy 10 will strengthen Shirley and Chelmsley Wood Town Centres as important centres for provision of day to day convenience shopping needs and for a range of comparison goods shopping. A broad range of town centre uses will be encouraged to improve competitiveness and the shopping environments. In Shirley Town Centre, primary retail frontages will be protected for mainly retail purposes.
- 3.55 Limited additional retail floorspace (mainly convenience floorspace) will be supported in Knowle local centre, reflecting its role. Significant new retail development in other, smaller centres will be resisted and the scale and nature of any proposals will be required to reflect the centre's role and function in serving local needs. The Council will resist the loss of village shops, important local services, retail parades and local shops.

The West Midlands Regional Spatial Strategy - Phase 2 Review Panel Report (2009)

- 3.56 The review of the RSS maintains its objective of sustainable development and urban and rural renaissance. Paragraphs 3.30 to 3.33 describe the role Solihull will play in the spatial development of the region citing the need for a careful balance to be achieved between realising growth without harming urban renaissance or undermining the qualities of the area. The regeneration of north Solihull and enhancing Solihull town centre and other centres are seen as key to achieving local growth ambitions.
- 3.57 Policy relating to Tourism and Culture remain unchanged from the adopted RSS.
- 3.58 Policy PA11 (Network of Town and City Centres) establishes an informal hierarchy of three tiers for the strategic centres. Solihull is recognised as a tier three centre and along with the other strategic centres will be the preferred location for major retail and office developments with the thresholds remaining the same as the adopted RSS.
- 3.59 Policy PA12A establishes the comparison retail floorspace requirements for each of the strategic centres up to 2026, which reflects the same time period as this study. As stated in PPS4, the findings of the regional evidence base (the Regional Centre study) and subsequent policy will inform this local study update. Table 3.1 below compares the level of floorspace required in the emerging RSS (Policy PA12A) against the findings of this study with the explanation of the latter set out in the next section.

	<i>Up to 2021</i>	<i>2021 – 2026</i>
RSS (2006 – 2026)	55,000 sq m (gross)	25,000 sq m (gross)
Solihull Retail Study (2008 – 2026) Scenario 4 forecast	25,600 sq m (net) 34,100 sq m (gross)*	17,300 sq m (net) 23,100 sq m (gross)*

\*Assumes gross / net ratio of 1:0.75

Source: RSS Phase 2 Review Submission Draft (2007)

- 3.60 Our forecasts are more recent than those on which the RSS is based; and in particular take greater account of the current economic downturn and recent growth in on-line shopping, hence the lower estimate of new floorspace up to 2021. They are also based on more detailed local data on shopping patterns. They are therefore more reliable for Solihull town centre. They are lower than the RSS figures, thus enabling some of our floorspace capacity forecast as 'Non-town centre' in the Borough to be accommodated in Solihull Town Centre in addition (approximately 5,000 sq m gross is identified up to 2021), in accordance with the sequential approach, as discussed in Section 4 below. Our forecasts would not therefore result in any policy conflict between the LDF and the RSS. It is also noteworthy that both studies identify that much of the demand for additional floorspace up to 2026 will occur towards the middle and end of the plan period.
- 3.61 Policy PA12B refers to non-strategic centres and requires local authorities to adopt policies to meet local needs through these centres. Where developments of greater than 10,000 sq m are proposed the policy requires applicants to consider issues of scale, impact and accessibility as set out in PPS6 (now PPS4).
- 3.62 Policy PA13A establishes office development requirements for each of the strategic centres up to 2026 and allocates 35,000 sq metres (gross) of new office accommodation within or on the edge of Solihull town centre, i.e. 1,750 sq m (gross) per annum. This requirement is made on the basis that 65% of uncommitted office developments will be in-centre, which is significantly above the current level achieved in the region and particularly in Solihull Borough. Policy PA13B establishes that large scale office developments outside strategic centres will need to meet the tests set out in PPS6 (now PPS4).
- 3.63 The Panel Report of the WMRSS Phase 2 Revision recognised Solihull Borough's concern regarding the level of office floorspace identified for Solihull town centre given the proximity of two Regional Investment Sites (Blythe Valley and Birmingham Business Park) which both provide substantial office accommodation. Accordingly, the reduced figure of 35,000 sq m was accepted by the Panel. In terms of retail, the Panel Report did not agree to raise Solihull to a 'tier two' centre. Notably, the level of retail floorspace within the regional strategy remained the same as the earlier preferred option document for Solihull only (as it was capped) whereas all other centre were reduced. The panel were not convinced that a further reduction for Solihull would be warranted, but noted that the council (SMBC) would not be precluded from justifying accommodation of a lesser scale in its Core Strategy. This study provides evidence that a lesser scale is appropriate for Solihull town centre.

## 4 Update of the Retail Capacity Forecasts

- 4.1 For the retail capacity forecasting in this report, we have again used our RECAP retail capacity forecasting Model, as we used in the 2009 report. The RECAP Model is an empirical 'step by step' model, based on the results of the 2008 household interview survey of shopping patterns as its method of allocating retail expenditure from catchment zones to shopping destinations. It is therefore not a theoretical gravity model, but is based on consumer responses about actual shopping patterns. It is also a growth allocation model; which allocates growth in expenditure to shopping destinations based on shopping patterns indicated by the household interview surveys, and informed professional judgements about how these will be likely to change in the future as a result of committed or potential new retail developments.
- 4.2 The RECAP Model forecasts the expenditure-based capacity for additional retail floorspace in the following way:
- Calculate the total amount of convenience and comparison goods expenditure which is available within the 11 zones comprising the catchment areas<sup>3</sup>;
  - Allocate the available expenditure to Solihull, Shirley and Chelmsley Wood town centres, to Knowle Local Centre, and to the Non-central main foodstores and retail parks in the Borough<sup>4</sup>, based on the results of the 2008 household interview survey of shopping patterns; so as to obtain estimates of current sales and forecast future sales in each;
  - Compare the estimated sales in each shopping destination with existing floorspace (and in the case of the main foodstores and the retail parks, with sales based on estimated company average performance); so as to assess the current trading performance of each shopping destination, and the capacity to support further growth in convenience and comparison goods floorspace;
  - Assess likely future changes to the indicated pattern of market shares to take account of the committed and proposed retail developments in each location modelled and elsewhere; and recalculate the sales and capacity forecasts.
- 4.3 The RECAP Model (like any other forecasting model of this type) is an exploratory tool, rather than a prescriptive mechanism. Thus the resulting forecasts of quantitative need are not intended as growth targets which must be achieved, or as rigid limits to future growth. Rather, they are a realistic guide to planning policies and decisions on planning applications.

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<sup>3</sup> In this report, convenience goods and comparison goods are as defined in Appendix A of the PPS4 'Practice guidance'.

<sup>4</sup> We have used the term 'non-central' rather than 'out-of-centre' in connection with our retail capacity forecasting, in order to distinguish the locations chosen for forecasting convenience from the definitions used in applying the sequential approach. However, when considering how forecast needs for any new development should be accommodated, the sequential approach should be applied, as required by PPS4 and as indicated later in this report.

- 4.4 When using the retail capacity forecasts as a guide to future planning policy, it is also important to remember that the further ahead the forecasting date, the less certain the forecast. Thus the forecasts for 2016 are more robust than those for 2021 and 2026. In particular for these later dates, we suggest that these forecasts, based as they are on household interview survey data which predated the Chelmsley Wood town centre development, should be treated with some caution. They indicate only the broad order of magnitude of retail capacity at those dates, if all of the forecast trends occur.
- 4.5 There are also particular uncertainties at the present time as a result of the recent economic recession and the climate of austerity in Britain in order to reduce the national deficit, for which there is very little precedent in recent years. It is therefore a matter of some conjecture as to how long it will take the economy to recover and at what rate. Furthermore, the long term growth in the use of internet shopping is as yet unknown (although it has to a substantial degree been taken into account in this report), and reinforces the need to revise the forecasts of retail floorspace capacity well before 2021, as we advise later in this report.

### **Principal Data Inputs**

- 4.6 The RECAP Model is included in Appendix 2, including all its constituent tables. In the paragraphs below we describe the data and assumptions we have applied in updating the Model.

#### Catchment Area

- 4.7 For this report, we have again used the 11-zone catchment area, which was used for our 2009 report. A map of the catchment area showing the 11 zones is included in Appendix 1. This catchment area is widely drawn, and includes all the area from which the town centres in the Borough are realistically likely to draw expenditure, apart from that by visitors to Solihull Town Centre from further afield.

#### Catchment Population

- 4.8 The starting point for the population forecasts was a report, dated April 2011, from Pitney Bowes on the current and projected future population of each catchment area zone. These forecasts cover the period up to 2020; and we have therefore extrapolated them to 2026 by trend projection. The result is that for the catchment area as a whole the population is expected to increase from 777,220 in 2009 to 856,796 by 2026, which is an increase of 79,576, or 10.2%.

#### Forecasting Dates

- 4.9 We have prepared base year estimates of retail sales in each shopping destination as at 2009. For the future, we have prepared forecasts for 2011, 2016, 2021, and 2026, as instructed, so as to cover the period covered by the emerging Core Strategy.

#### Price Basis

- 4.10 All monetary values in this report are in constant 2009 prices, unless otherwise stated, so as to exclude the effects of price inflation.

Per Capita Expenditure

- 4.11 For this Study, we obtained from Pitney Bowes average per capita expenditure on convenience and comparison goods in the catchment area in 2009. Before deducting expenditure on special forms of trading, these were £1,719 and £2,832 respectively. We have used these figures as the basis for our new forecasts. The base figures in 2009 are set out in RECAP Model Table 2 in Appendix 2. Table 2 also indicates the breakdown of the comparison goods figure into the eight different categories of comparison goods expenditure covered by questions in the household interview survey 2008.
- 4.12 The base figures for the year 2009 in Table 2 have been increased to allow for expected growth over the forecasting period to 2026. These increases are based on the forecasts by Oxford Economics set out in Table 3.4 of 'Retail Expenditure Guide 2010/2011' by Pitney Bowes, and are thus compatible with the 2009 figures. Oxford Economics' forecasts are for the periods 2009 to 2010, 2009 to 2015 and 2009 to 2020; and forecasts for each intermediate year are also provided in 'Retail Expenditure Guide 2010/11'. They take account of the recent recession. For convenience goods, they show a small fall over the period 2009 to 2011, followed by a small rise thereafter to 2020. For comparison goods they show slow but accelerating growth in the next few years to 2020. For our longer term forecasts to 2021 and 2026, we have projected forward the forecasts by Oxford Economics, at the same average rates they provide for the period 2009 to 2020.
- 4.13 This growth profile assumed indicated the growth rates set out in Table 4.1 and used in RECAP Model Table 2. We consider that these growth profiles are realistic, provided that the national economy does not suffer a 'double dip' recession. However, periodic review of the forecasts will enable the assumed growth rates to be adjusted as necessary in the light of actual growth in overall per capita expenditure, and the forecasts revised accordingly.

**Table 4.1: Average annual growth in per capita expenditure**

Period	Average Annual Growth Rate	
	Convenience Goods	Comparison Goods
2009 to 2011	-0.25% pa	1.8% pa
2009 to 2016	0.40% pa	3.7% pa
2009 to 2021	0.40% pa	3.8% pa
2009 to 2026	0.40% pa	3.8% pa

Source: Pitney Bowes/Oxford Economics Retail Expenditure Guide 2010/11, with projection 2020 to 2026 by DTZ.

Special Forms of Trading including internet shopping

- 4.14 We have made deductions from the per capita expenditure figures supplied by Pitney Bowes to allow for expenditure via special forms of trading (SFT). This includes mail order, vending machines, party plan retailing, on-line shopping via the internet or interactive TV, and expenditure at temporary market stalls; and is therefore expenditure not made in retail shops. RECAP Model Table 2 shows the growing deductions which we have made, based on information for the UK published by Verdict Research Limited on growth in internet shopping and forecast trends.
- 4.15 Table 4.2 shows Verdict's estimates for the proportion of all retail sales in the UK in 2010 accounted for by internet shopping, and its trend-based forecasts for 2015. This shows the proportion of sales taking place via the internet growing substantially over the 5 years to 2015. For some categories of comparison goods, the internet proportion is already very substantial and is expected to become much more so. Based on these, we have judged the deductions for SFT shown in RECAP Model Table 2.

## 4.16 Our deductions are as following:

- Assume a flattening of the growth trend after 2016 as internet shopping matures;
- Allow for the fact that some internet purchases of food and comparison goods are sourced and delivered from food/non-food superstores rather than from separate warehouses (and should therefore be included in the Model);
- Allow for the fact that internet shopping sales are included in the retail sales densities of some retailers which operate multi-channel retailing;
- Include other SFT apart from the internet, in particular sales from temporary markets such as Farmers' Markets and other periodic street markets.

Table 4.2: UK Internet Shopping Estimates and Forecasts

Goods Type	Online sales as proportion of all UK retail sales (%)	
	2010	2015
<b>Comparison goods:</b>		
Music & video	55.2	93.4
Electrical goods	28.0	37.2
Books	35.1	58.6
Homewares	9.0	12.8
DIY & gardening goods	5.5	6.4
Clothing & footwear	7.7	13.2
Furniture & floor coverings	4.2	6.6
Health & beauty	3.6	5.6
Other comparison goods	9.8	20.5
<b>All Comparison Goods</b>	<b>11.5</b>	<b>18.0</b>
<b>Food &amp; Grocery</b>	<b>3.8</b>	<b>5.8</b>

Source: 'e-Retail 2010', Verdict Research Limited, May 2011

- 4.17 The combined effect of the forecast growth in population and in per capita expenditure is that we expect total catchment area expenditure on convenience goods (set out in RECAP Model Table 3 in Appendix 2) to increase by almost £168m (13.1%) over the period 2009 to 2026; and that on comparison goods to increase by about £1,748m (87.3%). This compares with growth in total catchment area population of 10.2% over the period. Thus just over three quarters of the growth in catchment area expenditure on convenience goods will be accounted for by forecast growth in population. For comparison goods, only a small proportion (just under 12%) of the growth in catchment area expenditure will be accounted for by growth in population.
- 4.18 This means that the comparison goods floorspace capacity forecasts are very insensitive to population growth and much more sensitive to the assumptions about growth in per capita expenditure, particularly in the later part of the forecasting period. The large increase in forecast expenditure on comparison goods, once expenditure growth accelerates, indicates that a need for additional comparison goods retail floorspace will grow substantially to 2026 (particularly in the later parts of this forecasting period). However, this should be reviewed at regular intervals over that period. In the short term, expenditure growth will be much more limited, as discussed above.

#### Shopping Patterns in the Catchment Area

- 4.19 We have again used the results of the 2008 household interview survey of shopping patterns, undertaken for our 2009 report, as the source of the market shares data on convenience and comparison goods shopping for the 11 RECAP Model catchment zones. However, we have made adjustments to the market shares indicated by this survey, to take account of more recent and committed new retail developments, as described below.
- 4.20 The market shares used in the RECAP Model, based on the results of the 2008 household interview survey (with the corrections described below), provide a realistic indication of shopping patterns in the catchment area before the opening of the Chelmsley Wood town centre development. To take account of that more recent development, we have adjusted the market shares from 2011 onwards, as indicated in the description of the four scenarios below. These adjustments increase the market shares attracted by Chelmsley Wood Town Centre, and reduce them for some of the other shopping destinations modelled.
- 4.21 The adjustments were our professional judgements, based on our knowledge of existing shopping facilities in the area and our experience elsewhere. We consider that they are sufficient to provide reliable short to medium term forecasts of future shop floorspace capacity. For the longer term, a new household interview survey of shopping patterns in the catchment area will need to be carried out in a few years time, so as to measure the actual rather than the judged effects of the Chelmsley Wood town centre development, and of other retail developments which might have occurred in the meantime.
- 4.22 Using Solihull Town Centre as an example, in RECAP Model Table 5 in Appendix 2, we have combined the results of the household interview survey question about main food shopping with those of the question about top-up food and convenience goods shopping, to provide a weighted average market share of total convenience goods expenditure in each zone which is attracted to main foodstores and other convenience goods shops in the town centre. These weighted averages are then rounded to the nearest integer and used in Table 7 to indicate the pattern of attraction of convenience goods expenditure to shops and stores in Solihull Town Centre. A similar approach has been used for food stores in each of the other shopping destinations.
- 4.23 For comparison goods, we have combined the results of the questions in the household interview survey 2008 for each sub-category of comparison goods, to provide weighted average market shares of all comparison goods expenditure which are attracted to each shopping destination; using weights according to the amount of expenditure on each of these 8 sub-categories of comparison goods. These are set out in RECAP Model Table 6 for Solihull Town Centre. The weighted averages are then corrected as necessary as described below, rounded to the nearest integer, and set out in RECAP Model Table 7. Similar tables apply to the other shopping destinations modelled.

#### Market Share Corrections

- 4.24 We have retained the same base year (2009) market share corrections as described in paragraphs 4.21 and 4.22 of our 2009 report. These corrections to the survey-indicated market shares (which applied only to comparison goods shopping in Knowle Local Centre) were our professional judgement, in the light of experience with undertaking a large number of such studies over many years. With these base year calibration corrections, we consider that the RECAP Model realistically represents the current patterns of shopping in the Borough, and provides a reliable basis for these updated forecasts of future shop floorspace capacity. No corrections were necessary for the other locations modelled, so we have retained the 100% default correction factor in the RECAP Model (which means that no corrections to the survey-indicated market shares were made) for these other locations.



#### Visitor Expenditure from outside the Catchment Area

- 4.25 We have again allowed for expenditure on comparison goods in Solihull Town Centre, by visitors who live outside the catchment area covered by the household interview survey. This is because of the John Lewis department store in Touchwood Court shopping centre, which is still currently the only John Lewis store in the West Midlands. We therefore expect this store to attract some trade from outside the catchment area covered by our Household Interview Survey, and to generate some linked trips in other parts of Solihull Town Centre. In our 2009 report, we assumed uplift in the comparison goods expenditure by catchment area residents of 2.5%, to allow for inflow of visitor expenditure from outside the survey area. This uplift is shown in RECAP Model Table 12. We consider that it will still be realistic until the proposed new full-line John Lewis department store opens in Birmingham City Centre by 2016 (assuming that it receives planning permission). From 2016 onwards therefore, we have reduced the allowance for visitor expenditure on comparison goods in Solihull Town Centre to 2.0%.

#### Existing Shop Floorspace

- 4.26 We have obtained details of existing shop floorspace in Solihull, Shirley and Chelmsley Wood town centres and Knowle Local Centre from Experian Goad. These are reasonably up-to-date, and post-date the recession or the worst of it; being based on surveys undertaken in March 2010 (Solihull and Knowle), May 2008 (Shirley) and December 2008 (Chelmsley Wood). In the case of Chelmsley Wood, we have amended the Experian Goad data to take account of the additional floorspace in the recently completed town centre development. We have used these figures in our RECAP Model.
- 4.27 For the main foodstores, we have used floorspace data from the Institute of Grocery Distribution (IGD), supplemented by information from the Council and Experian Goad. For Solihull Town Centre, the resulting floorspace figures are set out in RECAP Model Table 10; and in the equivalent tables for the three smaller centres. For the Non-central main foodstores, the floorspace figures are set out in RECAP Model Table 42.
- 4.28 Floorspace for the retail warehouses was obtained from the Valuation Office Agency Rating List 2010, and includes mezzanine floors where installed. Site inspections of the retail parks were undertaken, to match retail occupiers to the retail warehouses on the Rating List. Non-retail sales have been excluded in the case of B&Q, Halfords and PC World, by reducing their 'benchmark' company average sales densities accordingly.

#### Sales Densities

- 4.29 For the existing main foodstores in each centre and non-central locations, we have applied 'benchmark' company average space allocations and convenience goods sales densities based on information published by Verdict Research Limited. Where necessary for individual stores, we have made our own estimates of convenience goods space allocations. The 'benchmark' company average sales densities for Solihull Town Centre, as an example, are set out in RECAP Model Table 10. Similar tables are included for each of the other study locations.

- 4.30 For retail warehouses, we have applied the most up-to-date 'benchmark' company average sales densities (or average sales per outlet) published by Mintel in 'UK Retail Rankings 2011'. These are shown in RECAP Model Table 43 in Appendix 2. This table also includes comparison goods floorspace in Non-central superstores and large supermarkets; and applies sales densities for these based on information published by Verdict Research Limited. In the case of the currently vacant retail warehouses, we have applied 'generic' sales densities for general 'bulky goods' retail warehouses.
- 4.31 For comparison goods, we have allowed for sales densities to rise at 1.5% pa from 2011. This allocates a substantial proportion of growth in expenditure to existing shops, before new retail floorspace is supported. This helps to support existing retailers, and reduce the adverse impact on them of new retail development.

#### Committed Developments

- 4.32 There are no currently committed new retail developments in Solihull Town Centre, Chelmsley Wood Town Centre or Knowle Local Centre. In Shirley Town Centre, we have allowed for the proposed Shirley Advance/Parkgate scheme, as a committed development from 2016 onwards. At the time of carrying out the RECAP modelling the proposals were subject to a planning appeal, which has since been allowed.
- 4.33 In the Non-central locations in the Borough, we have included the permitted new B&Q store at Monkspath as a committed development from 2016. We have also allowed for the existing B&Q store to be converted to general 'bulky goods' retailing. We are not aware of any other committed retail developments in the Borough.

#### **Development Scenarios Assessed**

- 4.34 In this update, we have assessed four scenarios rather than the three in our 2009 report, as follows:
1. Scenario 1: Baseline – convenience and comparison goods market shares from the household interview survey 2008 adjusted from 2011 onwards due to the recently completed town centre development in Chelmsley Wood. Comparison goods market shares attracted by Solihull Town Centre reduced from 2016 to allow for the proposed new John Lewis department store in Birmingham City Centre.
  2. Scenario 2: As Scenario 1, plus increase in market shares of convenience and comparison goods expenditure attracted by Shirley Town Centre from 2016 as a result of committed new retail development there; and reduction in market shares attracted by other locations.
  3. Scenario 3: As Scenario 2, plus increase in market shares of comparison goods expenditure attracted by Solihull Town Centre from 2021 as a result of assumed new retail development of circa 10,000 sq m net comparison goods floorspace.
  4. Scenario 4: As Scenario 3 plus further Increase in market shares of comparison goods expenditure attracted by Solihull Town Centre from 2021 as a result of assumed new retail development of circa 20,000 sq m net comparison goods floorspace.

- 4.35 Scenario 1 takes account of the recently completed new retail development in Chelmsley Wood Town Centre. It also allows for some impact on Solihull Town Centre from the proposed new John Lewis department store in Birmingham City Centre. In these respects it is realistic. In another respect it is somewhat artificial, in that it makes no allowances for the attractiveness of the proposed new retail development in Shirley Town Centre. It is therefore a worst case scenario, which assumes that this new development would be unable to achieve increased market shares in the face of competition from other locations inside and outside the study area. However, it sets a useful baseline, with which Scenarios 2, 3 and 4, and any future retail development scenarios, can be compared. Scenario 2 is more realistic for Shirley Town Centre (and for Non-central shopping) in that it explores the implications for shopping patterns of the proposed Shirley Town Centre development (which we have treated as a commitment); and represents our current best estimate of the likely future retail performance of each centre in the study area assuming that there are no other committed developments.
- 4.36 In Solihull Town Centre no new retail development is yet committed. However, the Council is in discussion with potential development partners about possible major retail developments, principally for comparison goods retailing. Scenarios 3 and 4 are therefore aimed at exploring the effects of two notional scales of such new retail development from 2020 onwards. They allow for increased attractiveness of Solihull Town Centre for comparison goods shopping from that date, and for consequent (lesser) reductions in the attractiveness of Non-central shopping in the Borough. Scenarios 3 and 4 are more realistic than Scenario 2, if new retail development of the magnitude assumed in each occurs in Solihull Town Centre. However, these two scenarios should be reviewed and updated, when details of the scale, design, retail content and location within the town centre of such new development(s) become available – as Scenarios 3 and 4 in this report are generic rather than specific to particular development schemes.

#### **Format of the RECAP Model Tables**

- 4.37 The RECAP Model Tables are set out in Appendix 2. Tables 1 to 4 set out the population and expenditure forecasts for the 11-zone catchment area. Table 3 indicates the total available convenience and comparison goods expenditure which is forecast to be available in each zone at each date. Table 4 indicates for each zone the total available expenditure in the base year of 2010 on each of the 8 sub-categories of comparison goods.
- 4.38 Tables 5 to 12 are the Scenario 1 tables for Solihull Town Centre. Table 5 shows the market shares for convenience goods shopping which are attracted by the town centre from each catchment zone. Table 6 shows the pattern of market shares of expenditure on each category of comparison goods attracted from the catchment area, as indicated by the household interview survey. Table 7 shows the market share patterns for convenience goods and all comparison goods expenditure in the town centre. Tables 8 and 9 show the amounts of expenditure on each comparison goods sub-category attracted, and the amounts of all comparison goods, respectively. Table 8 is the product of Table 4 and Table 6; whilst Table 9 is the product of Table 3 and Table 7. Table 10 indicates the sales in the main foodstores and other convenience goods shops in the city centre, at 'benchmark' company average levels. Table 11 sets out the committed town centre developments and their expected sales levels (in the case of Solihull Town Centre there are none, and so this table is blank). Table 12 brings together the expenditure attracted, visitor expenditure, existing floorspace and committed developments, to arrive at the retail capacity forecasts for the town centre in Scenario 1. It also shows the overall market shares of total catchment area expenditure on comparison goods which are shown as attracted by the town centre.
- 4.39 A similar arrangement applies to the Scenario 1 tables for each of the three smaller centres. These are Tables 13 to 20 for Shirley; 21 to 28 for Chelmsley Wood; and 29 to 36 for Knowle.

- 4.40 Tables 37 to 45 are the Scenario 1 tables for the Non-central shopping in the Borough. These tables follow a similar arrangement to the tables for Solihull Town Centre. However they include an additional table, Table 43, which lists the occupied retail warehouses and superstores, and shows their sales at estimated company average levels, to provide a 'benchmark' for assessing future floorspace needs.
- 4.41 The tables for Scenarios 2 to 4 are simpler; and for each location in each scenario comprise only three tables. Taking Solihull Town Centre as an example, Table 46 shows the amended patterns of market shares attracted by the town centre in Scenario 2. Table 47 is the resulting convenience and comparison goods expenditure attracted; and Table 48 the resulting calculation of future shop floorspace capacity. A similar arrangement of tables applies to the other destinations modelled and to scenarios 3 and 4.
- 4.42 The RECAP Model is completed by summary Tables 70 to 74. Table 70 shows the (corrected as necessary) market shares attracted in 2009 by each shopping destination modelled for each of the 8 comparison goods categories. This provides the basis for the retail sector analysis described below. Tables 71 to 74 show the patterns of combined market shares (as corrected) for convenience goods and all comparison goods, attracted by all the destinations modelled in the Borough, under Scenarios 1 to 4 respectively. These four tables show how we expect the combined market shares to change between the four scenarios.

### The Retail Capacity Forecasts

- 4.43 In the remainder of this section, we set out our retail capacity forecasts for each shopping destination in the Borough. The forecasts are summarised in Tables 4.3 for convenience goods and 4.4 for comparison goods. We also comment on the implications for future development strategy.

### Convenience Goods

**Table 4.3: Summary of CONVENIENCE GOODS Capacity Forecasts (sq. m. net sales area)**

Location	2011	2016	2021	2026	RECAP Model Table (Appendix 2)
<b>Scenario 1:</b>					
Solihull Town Centre	1,550	1,900	2,200	2,550	12
Shirley Town Centre	-50	-2,350	-2,200	-2,100	20
Chelmsley Wood Town Centre	50	200	350	450	28
Knowle Local Centre	750	850	900	1,000	36
Non-central stores in the Borough	1,150	1,800	2,350	2,900	45
<b>Scenario 2:</b>					
Solihull Town Centre	1,550	1,500	1,800	2,100	48
Shirley Town Centre	-50	100	350	600	51
Chelmsley Wood Town Centre	50	100	250	350	54
Non-central stores in the Borough	1,150	300	750	1,200	57

Source: Solihull RECAP Model 2011 (Appendix 2) rounded to the nearest 50 sq. m. net.

**Notes:**

Scenario 2, 3 and 4 forecasts have not been run for Knowle Local Centre; as being a small centre with a very localised catchment area and limited retail role, it is unlikely to be significantly affected by committed and potential developments in the other locations modelled.

The Scenario 3 and 4 forecasts for the other locations are the same as those for Scenario 2, so have not been repeated in this table.

The forecasts in Table 4.3 are cumulative, i.e. the forecasts for each date include the forecasts for the previous dates and are not additional to those earlier forecasts.

The forecasts are for new floorspace additional to the committed retail developments included in RECAP Model Tables 11, 19, 27, 35, and 44.

These forecasts are based on the National Retail Planning Forum definition of net retail sales area set out in Appendix A of the PPS4 Practice guidance, December 2009.

- 4.44 Before we comment on the convenience goods retail capacity forecasts in Table 4.3, some general points should be noted. First, the forecasts are all based on the assumption that where retailers are shown by the RECAP Model to be trading above or below the 'benchmark' level based on estimated company average levels, their sales densities will fall or rise to that company average based level. This is a conventional assumption in retail studies of this type. However, some stores may well continue to trade successfully above or below their company average sales density; and stores will always seek ways of reducing falls in sales, when faced with competitive pressures from new developments. The retail capacity forecasts should therefore be seen as realistic maxima (since over the Borough as a whole, the main foodstores are trading above, rather than below the estimated 'benchmark' level), rather than targets which must be achieved through new development.
- 4.45 Second (with the exception of Knowle as indicated below) the convenience goods forecasts are all on the assumption that potential new floorspace will be provided in the form of new food superstores, trading at a 'generic' average sales density for such stores of £14,000 per sq m net. This approximates to the weighted average for the 'big four' food retailers; weighting their individual convenience goods sales densities according to their different amounts of convenience goods floorspace (and thus is not a simple arithmetic mean of their sales densities). Other types of supermarket, in particular discount supermarkets, trade at far below £14,000 per sq m net. Thus the format in which new floorspace is provided will affect the amount of such floorspace which can be supported in terms of retail capacity. If it is provided only in the form of discount supermarkets for example, the forecast growth in expenditure would be sufficient to support substantially more floorspace than indicated in Table 4.3. It is of course not possible to predict over a 15 year period the format in which potential food store developments might come forward in the Borough. It will therefore be necessary to review the implications for retail capacity in each location when specific proposals for new stores come forward, taking account of the format of the proposed stores and their likely occupiers and sales densities.
- 4.46 In Knowle Local Centre, we have assumed that new convenience goods floorspace would trade at the estimated company average sales density for Waitrose. This is because there is currently an application for planning permission for a new Waitrose store in the centre. Adopting Waitrose' sales density for new floorspace in the RECAP Model allows capacity for this proposed new foodstore to be assessed. Again however, if new floorspace was to be provided in a different format, or occupied by a different retailer, the capacity forecasts for Knowle would need to be adjusted to account for the difference in sales density.
- 4.47 Third, we have made no allowance for increases in sales densities of convenience goods floorspace over the forecasting period. This is because convenience goods sales densities have not been rising substantially in real terms across the board over the last few years. For some retailers they have risen but for others they have fallen. However, at the next review of the forecasts, the most up-to-date sales densities should be used, so as to take account of any changes in real terms.

- 4.48 Fourth, although we have forecast capacity for additional Non-central convenience goods floorspace in the Borough, this has been calculated separately from that in the town and district centres merely for forecasting reliability and convenience. It does not mean that any such capacity should necessarily be accommodated in the form of more out-of-centre development. Rather, the sequential approach should be applied; and throughout the Borough new developments to accommodate any of the forecast capacity, including that forecast as Non-central, should in principle be located in or on the edge of the town and district centres, in preference to out-of-centre locations, if at all possible.

#### Solihull Town Centre

- 4.49 Based on the results of the household interview survey, we estimate that the foodstores and other convenience goods shops in Solihull Town Centre as a group were trading in the base year of 2009 somewhat above the 'benchmark' level based on company average sales densities. We estimate that at the 'benchmark' level, these stores and shops should achieve convenience goods sales of about £80.7m (RECAP Model Table 10). However, we estimate that including visitor expenditure, they were actually achieving about £106.1m in 2009 (RECAP Model Table 12).
- 4.50 This means that in Scenario 1 which assumes no further changes in market shares (beyond those due to the new Asda superstore at Chelmsley Wood), there will be capacity for new convenience goods floorspace in the town centre of about 1,550 sq m net in 2011, rising to about 1,900 sq m net in 2016, to about 2,200 sq m net by 2021, and further to about 2,550 sq m net by 2026, trading at £14,000 per sq m net, if forecast trends occur. This forecast capacity would be sufficient to support a large town centre format supermarket up to 2021, or a superstore by about 2026. Alternatively, it would be sufficient to support extensions to existing foodstores.
- 4.51 Scenario 2 takes account of the proposed new Asda superstore in Shirley Town Centre as a committed development; and is therefore potentially more realistic than Scenario 1. This development will be likely to divert some market share and expenditure from Solihull Town Centre. In this scenario, Table 4.3 shows a lower forecast capacity, for about 1,500 sq m net in 2016, rising to about 1,800 sq m net by 2021, and further to about 2,100 sq m net by 2026, trading at £14,000 per sq m net. This would support only a large town centre format supermarket, or extensions to existing foodstores, up to 2026.

#### Shirley Town Centre

- 4.52 Our Scenario 1 forecasts show substantial negative capacity for additional convenience goods floorspace in Shirley Town Centre. This is because in this scenario we have included the proposed new Asda superstore as a committed development, but have not allowed for the increases in market shares which it would be likely to achieve. In Scenario 2, we have allowed for these increased market shares, and so the Scenario 2 forecasts are much more realistic for Shirley Town Centre. Table 4.3 shows that on this basis, in Scenario 2 we forecast only nominal capacity for further convenience goods floorspace in addition to the proposed Asda superstore by 2016; with modest increases in capacity thereafter, of up to about 600 sq m net by 2026. However, this would need to be checked and verified or updated after the new Asda had been trading for at least a year.
- 4.53 Scenario 2 does suggest that the increases in market shares necessary to support the proposed Asda superstore would not be unrealistic. To support the store in full by 2016, from Zone 2 in which the store would be centrally located, the market share of convenience goods expenditure attracted by the town centre would need to rise from 17% to 37%. From the adjacent Zone 1, it would need to rise from 7% to 14%. Only very small rises would be needed (of 1 percentage point in each case) from some of the other zones in addition. We consider that this should be achievable by the proposed development.

#### Chelmsley Wood Town Centre

- 4.54 Scenarios 1 and 2 both show that the forecast capacity for additional convenience goods floorspace in Chelmsley Wood Town Centre, following the recent completion of the new Asda superstore there, would be small. Table 4.3 shows that in the more realistic Scenario 2, which allows for some impact on Chelmsley Wood from the proposed new Asda superstore in Shirley Town Centre, there would be capacity for only about 350 sq m net additional convenience goods floorspace by 2026, trading at £14,000 per sq m. Whilst not sufficient for any main foodstores, it should be sufficient to support some small convenience goods shops (e.g. specialist foodstores) from the next few years onwards, if market demand from retailers is forthcoming.

#### Knowle Local Centre

- 4.55 Table 4.3 shows that we forecast capacity for about 750 sq m net additional convenience goods floorspace in Knowle in 2011, rising to about 1,000 sq m net by 2026, trading at Waitrose' 'benchmark' sales density. The proposed Waitrose supermarket would have a net sales area of 1,251 sq m, of which about 1,075 sq m would be used for the sale of convenience goods. This is a little larger than our forecast capacity. However, our forecasts do not allow for any increase in market shares of catchment area expenditure attracted as a result of such a new supermarket. We would expect some increase in market shares, which would generate sufficient additional expenditure to support such a store in full by the time it would be likely to open. Thereafter, there would be no forecast capacity for any significant further increases in convenience goods floorspace in Knowle over the forecasting period to 2026.

#### Non-central main foodstores in Solihull Borough

- 4.56 We estimate that the non-central main foodstores in the Borough as a group are trading somewhat above the 'benchmark' level based on company average sales densities. The 'benchmark' level is estimated as £172.4m (RECAP Model Table 42). We estimate that these stores together were actually achieving convenience goods sales of about £203.5m (RECAP Model Table 45) in 2009. After allowing for their sales densities to fall to the 'benchmark' level, and taking account of growth in expenditure and committed new foodstores, Table 4.3 shows that in Scenario 1, there would be capacity for additional convenience goods floorspace in 2011 of about 1,150 sq m net, rising to about 1,800 sq m net by 2016, to about 2,350 sq m net by 2021, and further to about 2,900 sq m net by 2026, trading at £14,000 per sq m net, if forecast trends occur. This would be sufficient to support an additional superstore opening between 2021 and 2026.
- 4.57 Such a new superstore is already committed in Shirley Town Centre, in the form of the proposed new Asda in the Shirley Advance/Parkgate scheme. When the changes in market shares as a result of this scheme are taken into account in the more realistic Scenario 2, capacity forecast as Non-central drops to about 300 sq m net in 2016, rising to about 750 sq m net by 2021 and further to about 1,200 sq m net by 2026. On this basis, there would be no capacity for any significant new convenience goods floorspace forecast as Non-central, in the short to medium term. Forecast capacity in the longer term would need to be re-examined after completion of the Shirley Town Centre development. In any event, in accordance with the sequential approach, any such capacity which does arise should be accommodated in or on the edge of the town and district centres if at all possible, in preference to out-of-centre, despite that fact that it has been forecast as Non-central in the RECAP Model.
- 4.58 It is important to note that non-central capacity relates to the entire Borough including smaller centres. Additional retail development of an appropriate scale in relation to the local centre should be encouraged across the centre hierarchy in order to ensure accessible provision across the borough.

Implications for Development Strategy

- 4.59 On the assumption that the Shirley Town Centre development is completed in the next few years, the convenience goods capacity forecasts show that in the medium term, there would be capacity for a substantial new town centre format supermarket in Solihull Town Centre. Such a store could help to anchor a new town centre development. Alternatively, there would be capacity for substantial extension of one or more of the existing main foodstores in the town centre. In Chelmsley Wood there would be very little capacity for additional convenience goods floorspace, following the recent completion of the new Asda superstore there.
- 4.60 If Waitrose is permitted to develop its proposed new supermarket in Knowle Local Centre, this would be supportable by available expenditure, but would account for all forecast capacity for at least 10 years. The proposed new Asda superstore in Shirley Town Centre would be supportable by available expenditure, but would mean that there would be no significant capacity for additional convenience goods floorspace elsewhere in the Borough (apart from as indicated in this paragraph) before 2016. Thereafter, there would be only limited capacity for more; which should if possible be developed in or on the edge of the existing centres, in preference to out-of-centre.

**Comparison Goods****Table 4.4: Summary of COMPARISON GOODS Capacity Forecasts (sq. m. net sales area)**

Location	2011	2016	2021	2026	RECAP Model Table (Appendix 2)
<b>Scenario 1:</b>					
Solihull Town Centre	0	6,800	20,950	37,600	12
Shirley Town Centre	150	-4,700	-2,950	-850	20
Chelmsley Wood Town Centre	-450	1,050	2,750	4,800	28
Knowle Local Centre	50	350	700	1,150	36
Non-central stores in the Borough	1,250	1,100	9,000	18,300	45
<b>Scenario 2:</b>					
Solihull Town Centre	0	6,400	20,500	37,050	48
Shirley Town Centre	150	-100	2,300	5,100	51
Chelmsley Wood Town Centre	-450	1,050	2,750	4,800	54
Non-central stores in the Borough	1,250	-1,050	6,500	15,450	57
<b>Scenario 3:</b>					
Solihull Town Centre	0	6,400	23,450	40,450	60
Non-central stores in the Borough	1,250	-1,050	4,300	12,900	63
<b>Scenario 4:</b>					
Solihull Town Centre	0	6,400	25,600	42,900	66
Non-central stores in the Borough	1,250	-1,050	3,600	12,150	69

Source: Solihull RECAP Model 2011 (Appendix 2) rounded to the nearest 50 sq. m. net.

## Notes:

Scenario 2, 3 and 4 forecasts have not been run for Knowle Local Centre; as being a small centre with a very localised catchment area and limited retail role, it is unlikely to be significantly affected by committed and potential developments in the other locations modelled.

Scenario 3 and 4 forecasts have not been run for Shirley, Chelmsley Wood and Knowle; as being smaller centres and at lower levels in the retail hierarchy, it is unlikely that they will be significantly affected by potential new comparison goods retail development in Solihull town centre.



The forecasts in Table 4.4 are cumulative, i.e. the forecasts for each date include the forecasts for the previous dates and are not additional to those earlier forecasts.

The forecasts are for new floorspace additional to the committed retail developments included in RECAP Model Tables 11, 19, 27, 35, and 44.

These forecasts are based on the National Retail Planning Forum definition of net retail sales area set out in Appendix A of the PPS4 Practice guidance, December 2009.

- 4.61 In Table 4.4, we summarise our comparison goods capacity forecasts for the three town centres, Knowle Local Centre, and Non-central retail warehouses and superstores. The forecasts in Table 4.4 are on the basis that in the town and district centres, new floorspace would trade at typical sales densities for centres of each size and type. We have assumed that new floorspace forecast as Non-central would trade at typical retail warehouse sales densities. If it was instead developed as higher sales density town centre format shops and stores in accordance with the sequential approach, or some of it formed part of a new food superstore or superstore extension, it would trade at higher sales densities than are typically found in retail warehouses. These higher sales densities would reduce the forecast capacity; if some of the capacity forecast as Non-central was actually to be located in one or more of the town centres or a superstore.
- 4.62 Thus for example, we have assumed that new comparison goods floorspace forecast as Non-central would trade at a retail warehouse sales density of £3,501 per sq m net in 2016, leading to forecast capacity of 1,122 sq m net (in RECAP Model Table 45, rounded to 1,100 sq m net in Table 4.4, Scenario 1). However, if this was instead implemented as new comparison goods floorspace in Solihull Town Centre in accordance with the sequential approach, trading at £5,386 per sq m net (RECAP Model Table 12), forecast capacity for such floorspace would be 756 sq m net (i.e.  $1,122 \times 3,501 / 5,386$ ). If it was provided as an extension to a superstore trading at £7,500 per sq m net, the forecast capacity would be 524 sq m net (i.e.  $1,122 \times 3,501 / 7,500$ ). Conversely, if it was implemented as 'bulky goods' retail warehouses trading at less than £3,501 per sq m net, the forecast capacity would be greater than 1,122 sq m net.
- 4.63 Forecast capacity is also on the basis that the sales density of the existing comparison goods shops and stores would increase at 1.5%pa from 2011 onwards, as the national economy recovers from the recession. The forecasts therefore allow for a substantial part of the growth in expenditure to go to support the existing shops and stores in the town centres and elsewhere. If less new floorspace was to be provided than the capacity we have forecast, sales densities in the existing and new floorspace would be likely to grow at a faster rate than 1.5%. However, if much less new floorspace was to be developed in Solihull Town Centre, for example, the town centre might start to lose market share to faster growing competitors; thus limiting the rise in sales densities, and potentially compromising its long term prosperity.

#### Solihull Town Centre

- 4.64 Table 4.4 shows that under Scenario 1, there would be capacity for additional comparison goods floorspace in the town centre at 2016, of about 6,800 sq m net. After 2016, forecast capacity would rise to about 20,950 sq m net by 2021, and further to about 37,600 sq m net by 2026, if forecast trends occur. This would be sufficient to support substantial town centre development in the second half of the forecasting period, even without any increases in market shares of comparison goods expenditure attracted (and allowing for the probable adverse impact of the proposed new John Lewis department store in Birmingham City Centre, opening by 2016).

- 4.65 In Scenario 2, forecast capacity for new comparison goods floorspace in Solihull Town Centre drops slightly from that in Scenario 1, as a result of minor loss of market share to the Shirley Advance/Parkgate development. However the reductions would not be significant; and there would still be capacity for substantial new town centre development in Solihull Town Centre by 2021 (about 20,500 sq m net, rising to about 37,050 sq m net by 2026) if forecast trends occur.
- 4.66 In Scenarios 3 and 4, we allow for major new town centre developments in Solihull Town Centre of circa 10,000 sq m and 20,000 sq m net respectively, to increase the centre's attractiveness and thus its market share of catchment area expenditure. In Scenario 2 the town centre's overall market share is assessed to be 21.7% in 2021; down from 23.3% in 2009 owing to the recently completed development in Chelmsley Wood Town Centre, the Shirley Advance/Parkgate development, and the proposed new John Lewis department store in Birmingham City Centre (mainly the latter). In Scenario 3, we expect this to rise back to 22.2%, and in Scenario 4 to 22.6%. These rises are modest, and we consider would be achievable by well designed new town centre developments.
- 4.67 On this basis, Table 4.4 shows that in Scenario 3 there would be capacity for about 23,450 sq m net additional comparison goods floorspace in the town centre by 2021, rising to about 40,450 sq m net in 2026, if forecast trends occur. In Scenario 4, the forecast capacity would be about 25,600 sq m net in 2021, rising to about 42,900 sq m net by 2026. There should therefore be sufficient capacity to support substantial new town centre comparison goods retail developments, such as redevelopment or remodelling of Mell Square, and/or extension of Touchwood Court, from about 2018 onwards<sup>5</sup>.

#### Shirley Town Centre

- 4.68 As with convenience goods, the comparison goods forecasts for Shirley Town Centre in Scenario 1 are unrealistic; as they allow for the new floorspace in the Shirley Advance/Parkgate scheme, but not the increased market shares which it should generate for the town centre. The Scenario 1 forecasts in Table 4.4 therefore show negative capacity from 2016 onwards. Scenario 2 is much more realistic, because it allows for the market share increases as well as the committed new floorspace. On this basis, Scenario 2 shows that there would be sufficient expenditure capacity for the Advance/Parkgate scheme by 2016 (Table 4.4 shows a nominal and insignificant theoretical oversupply of 100 sq m net). If the increases in market shares were maintained, by 2021 there would be forecast capacity for an additional 2,300 sq m net, rising to about 5,100 sq m net by 2026. This would be sufficient to support modest additional comparison goods development, subject to retailer demand and financial viability.

#### Chelmsley Wood Town Centre

- 4.69 Table 4.4 shows that under Scenarios 1 and 2 there is forecast to be capacity for additional comparison goods floorspace in Chelmsley Wood Town centre of about 1,050 sq m net by 2016, rising to about 2,750 sq m net by 2021, and further to about 4,800sq m net by 2026. This should be sufficient to support significant additional development from about 2021 onwards. Scenarios 1 and 2 are the same because we do not expect the town centre development in Shirley to have any impact on Chelmsley Wood. Because of the much smaller scale of Chelmsley Wood Town Centre than that of Solihull, its much more limited retail function and its distance away, we don't expect substantial new retail development in Solihull Town Centre to have any significant impact on Chelmsley Wood. We have therefore not modelled Scenarios 3 and 4 for Chelmsley Wood. Capacity should remain about the same as under Scenarios 1 and 2.

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<sup>5</sup> The market share increases have been assumed from 2021 onwards, because the RECAP Model generates forecasts at 5 yearly intervals, and it is unlikely that substantial new town centre developments could be open by 2016. 2018 currently appears more realistic as the earliest likely opening date. If the market share increases occurred by then, sufficient capacity to support substantial new development would be generated by 2018 rather than 2021.

### Knowle Local Centre

- 4.70 Knowle is a small centre with a limited range of comparison goods shops, which attracts only small market shares of comparison goods expenditure from the catchment area, most of it (around two thirds) from Zone 10 in which it is located.
- 4.71 Forecast capacity for additional comparison goods floorspace is therefore small, commensurate with the size and function of the centre. Table 4.4 shows capacity for about 350 sq m net additional comparison goods floorspace by 2016 (most of which would be accounted for by the proposed Waitrose supermarket, if permitted), rising to about 700 sq m net by 2021, and further to about 1,150 sq m net by 2026. If the proposed Waitrose store is permitted, and succeeds in increasing the attractiveness of Knowle to shoppers, comparison goods market shares might have the potential to rise slightly, resulting in slightly greater capacity than we have forecast in Table 4.4. In either case, there should be sufficient expenditure to support a modest development of additional shops, subject to retailer demand and financial viability.

### **Non-central Stores**

- 4.72 In Scenario 1, assuming that new floorspace forecast as Non-central is developed as retail warehouses, Table 4.4 shows that (after allowing for the permitted new B&Q store at Monkspath) there would be capacity for about 1,100 sq m net additional such floorspace in 2016. By 2021, capacity of about 9,000 sq m net is forecast, rising to about 18,300 sq m net by 2026. If this was instead developed in the form of town centre format shops and stores, or as comparison goods floorspace in food/non-food superstores, the capacity would be substantially less, pro rata with the higher sales densities typical of such formats, as explained above.
- 4.73 Scenario 2 allows for the impact on the Non-central retail warehouses and superstores (most of which are located nearby) of the Shirley Advance/Parkgate development, and particularly the new Asda superstore which would anchor it. In this scenario, there would be a theoretical oversupply of retail warehouse floorspace of about 1,050 sq m net in 2016. By 2021, capacity for additional floorspace forecast as Non-central retail warehouses, would be about 6,500 sq m net, rising to about 15,450 sq m net by 2026.
- 4.74 In Scenarios 3 and 4, capacity would fall further in 2021 and 2026, as a result of impact from potential new town centre developments in Solihull. Table 4.4 shows that in Scenario 3, capacity would be about 4,300 sq m net in 2021, rising to about 12,900 sq m net by 2026, if forecast trends occur. In Scenario 4, it is forecast to be about 3,600 sq m net in 2021, rising to about 12,150 sq m net by 2026.
- 4.75 If the capacity forecast as Non-central under any of the scenarios was able to be accommodated in the form of new development in some of the town centres in accordance with the first priority of the sequential approach, it would give a significant boost to forecast capacity in those centres. Restricting further out-of-centre retail development and directing such growth pressures to the town centres instead could therefore help significantly to make new town centre developments viable.

### ***Implications for Development Strategy***

- 4.76 Overall, the forecasts show that under any of the scenarios there would be sufficient expenditure capacity for substantial additional comparison goods retail floorspace in Solihull Town Centre (albeit less than identified in the earlier Regional Centres Study), from the earliest likely opening date of such development onwards. Capacity should be sufficient to support, for example, some redevelopment or remodelling of Mell Square and/or a substantial extension to the Touchwood Centre. The implication for Policy ECS 8 is that in order to maintain a strong competitive town centre the policy should now reflect a 2021 comparison retail figure of approximately 34,000 sq m gross and have regard to a further 23,000 sq m gross between 2021 and 2026.
- 4.77 In Shirley, sufficient expenditure capacity should exist to support the Shirley Advance/Parkgate scheme by its likely opening date; with the potential for further comparison goods floorspace thereafter. In Chelmsley Wood, there should be sufficient capacity to support an ongoing programme of further modernisation and extension of this centre. In Knowle, capacity for new comparison goods retail floorspace will be very limited, but should be sufficient to support a small development, subject to retailer demand and financial viability.
- 4.78 If the committed, proposed and potential new retail developments go ahead in the town centres, there will be very limited expenditure capacity for more out-of-centre comparison goods retail floorspace in the next 10 years. It will therefore be important for the development plan to direct growth in expenditure to the town centres in accordance with the sequential approach, and restrict further development of retail warehouses and out-of-centre superstores in the Borough.

### **Retail Sector Analysis**

- 4.79 In our 2009 report, we described our retail sector analysis of the market shares of each sub-category of comparison goods expenditure which were attracted by each shopping destination in the Borough in 2008. This was based on the results of the household interview survey of shopping patterns undertaken in that year. Because we have not undertaken a new household interview survey for this Update, we have no more recent market shares information on which to base an updated retail sector analysis. However, in RECAP Model Table 70 we show the market shares of expenditure on each sub-category of comparison goods which we estimate were attracted in 2009 by each principal shopping destination in the Borough. It also shows the combined market shares attracted by these destinations. These market shares are almost the same as those in our 2009 report, the small differences being due to updating the catchment area population and expenditure estimates.
- 4.80 This limited update of the retail sector analysis again shows the strength of Solihull Town Centre for clothing and footwear and the 'other comparison goods' category. It also shows the strength of the Non-central retail warehouses and superstores for furniture and floor-coverings, the two categories of electrical goods (in particular), and DIY and garden goods. It demonstrates the much more limited roles of Shirley and Chelmsley Wood town centres and Knowle Local Centre, for comparison goods shopping.

### **Use and Review of the Forecasts**

- 4.81 Finally, we must emphasise that all expenditure based forecasts of future shop floorspace capacity are based on imperfect data and contain a number of assumptions. Our updated forecasts set out in this report are based on the most up-to-date and reliable information currently available to us. However, they are intended as an indication of the likely order of magnitude of future shop floorspace capacity (if forecast trends are realised) rather than as growth targets or rigid limits to future growth. The forecasts should be periodically revised as necessary, as advised above, in the light of actual population and expenditure growth, and as development proceeds and its effects become measurable by means of new household interview surveys of shopping patterns. We recommend that the next update of the retail capacity forecasts should be a full update, based on a new such survey, so as to measure and take account of the actual effects of new retail development in the Borough and beyond, which has occurred since the 2008 survey was undertaken.

## 5 Qualitative Need for Retail Development

- 5.1 PPS4 advises that when assessing qualitative need for retail and leisure uses, local planning authorities should assess whether there is provision and distribution of shopping and leisure facilities, which allow genuine choice to meet the needs of the whole community, particularly those in deprived areas, in light of the objective to promote the vitality and viability of town centres and the application of the sequential approach.

### Retail Distribution within the Borough

- 5.2 The plan contained at appendix 1 shows the location of each town centre and local centre within the Borough together with the proposed local centres within North Solihull in order to identify the existing and planned distribution and identify where any potential gaps exist. Also shown on the plan are non centrally located retail stores (food and non food). The plan shows that the Borough is well served by a range of centres, which are easily accessible from the catchment they serve. Notably, the new local centre proposals will improve access to retail provision in this part of the Borough.

### Quality of Retail Provision – Health Checks

- 5.3 Having appraised the distribution of retail within the borough it is important to consider the range and choice of provision within each centre and its respective health. This exercise informs of the potential for each centre to accommodate the identified need for additional floorspace (subject to other factors such as scale), as well as where policy should prioritise any improvements. In conjunction with the distribution plan the health checks allow the identification of a retail hierarchy within the Borough, which is discussed later in this section. A summary of each centre's health check is set out below with the full assessment contained in appendix 3.

### Solihull Town Centre

- 5.4 The West Midlands conurbation has numerous competing centres each within relative proximity to one another. Of these principal competing centres within the West Midlands conurbation, Birmingham City Centre has vastly improved its retail offer with the completion of the Bull Ring Shopping Centre. Further expansion of the city's retail offer through the Pallasades/New Street scheme (including a new John Lewis Store is currently under construction. In Coventry city centre an extension to the existing shopping centre opened in 2008, as well as the first in-centre *Ikea* store, which opened in December 2007.
- 5.5 Encouragingly despite the significant levels of investment in competing centres Solihull town centre has improved its ranking significantly since 2001. Solihull town centre is only ranked below Birmingham City Centre (ranked 3<sup>rd</sup>), Merry Hill (ranked 37<sup>th</sup>) and Coventry city centre (ranked 50<sup>th</sup>) within the West Midlands Region
- 5.6 From our detailed observations of the town centre, we have concluded that it is currently a very attractive shopping destination. Touchwood shopping centre and the pedestrianised shopping area along High Street creates an attractive environment, which is evidently benefitting from continued investment and management. There is a reasonable amount of good quality and well-maintained seating areas within the centre, as well as attractive and well cared for planters and hanging baskets. The centre has a wide range of retailers and service businesses and has a low vacancy rate. The John Lewis store has greatly improved the towns offer and its fashion retail offer is predominantly in the 'middle' or 'upper mid' part of the market. The town centre as a whole offers numerous opportunities for relaxation and recreation within the shopping core, as well as in the adjacent park and recreation ground and allows ample opportunity to enjoy some of the historic buildings within the centres conservation area.
- 5.7 There are some aspects, which would benefit from improvement. As identified in the UDP, Mell Square shopping precinct is considered to be a weakness in the environment of the centre and it is evident that Touchwood and its surrounds compound the problems of this part of the centre. An improvement of this area, as supported by the UDP, would strengthen the centre as a whole.

- 5.8 The link between Solihull train station and the town centre should be improved. Additionally, as a consequence of its success the centre's surrounding road network seems susceptible to congestion, especially at peak times. This is particularly highlighted in the areas surrounding car parks, where there are often traffic jams.

### **Shirley Town Centre**

- 5.9 Shirley is the second largest shopping centre in the Borough and is one of a number of centres situated along the A34 Stratford Road. The centre has faced increased competition from nearby out of centre retail development along the Stratford Road corridor, as well as from the increased offer at Solihull town centre.
- 5.10 The centre is substantially linear, with the great majority of the shops located along the Stratford Road. However, there is a buffer zone between the shops and the busy main road, providing off road parking and soft landscaping. There is also provision for parking in public car parks to the rear of stores, accessed from side roads.
- 5.11 The town centre lacks a substantial retail core, with several food stores acting as anchors for mini clusters. Shirley is well served in terms of variety for convenience shopping by Morrisons, Aldi, Iceland and Marks and Spencer Simply Food. There is a reasonable mix of comparison good retailers including national retailers, such as Woolworths, Boots the Chemist and Holland and Barrett, as well as charity shops including PDSA, Oxfam and Barnadoes, service providers, including banks, estate agents and independent retail operators.
- 5.12 Shirley town centre's performance has remained broadly level since 2003 following a marked improvement from 2001. The comparable centres within the West Midlands are either large High Street locations within the Birmingham conurbation, or small/medium sized town centres.
- 5.13 Despite the significant improvements to Solihull town centre and the nearby out of centre retail units it is evident that Shirley continues to maintain its vitality and viability with very few vacancies evident. Importantly, the development of the Parkgate scheme will help improve the quantitative and qualitative retail offer of Shirley town centre.
- 5.14 Apart from the need for new retail attractions, there is a need for further environmental improvements. The pavement and carriageway surfaces are generally in reasonably good condition, and there are attractive and well cared-for hanging baskets and planters. However, seating for shoppers is old and in poor condition. It needs to be replaced with new, low maintenance and vandal-proof seating. Environmental improvements should be aimed at breaking down the linearity and reinforcing local character areas within the shopping streets.
- 5.15 Signage to car parks is inadequate. Whilst there appears to be a substantial amount of car parking in total, it is in a number of car parks behind the shops on either side of the Stratford Road, and in some cases it is not immediately obvious how some of it can be reached. Given the substantial length of the centre this can be off-putting to potential visitors. We therefore suggest that a car park signage audit is undertaken, new signs are provided where necessary, or existing signs repaired, replaced or re-sited as appropriate. Pedestrian routes from the car parks to the shopping areas need to be improved and more clearly signed.

### **Chelmsley Wood Town Centre**

- 5.16 Chelmsley Wood town centre is the third largest centre within the Borough. The centre opened in 1971 as a purpose built town centre for the new Birmingham expansion areas now referred to as North Solihull. The expansion of the centre with the provision of a new anchor Asda superstore is has

significantly improved the environment and retail offer of the centre, which has been an aspiration of the Council for over a decade.

- 5.17 Chelmsley Wood town centre's performance deteriorated from 1998 to 2006, however, since then it has improved. This is most probably a reflection of the increased investment and management of the centre as well as the positive effect of the extension to the town centre. Despite the significant improvements to Solihull town centre it is evident that Chelmsley Wood remains both vital and viable.
- 5.18 The majority of shoppers access the centre by public transport and its close proximity is the reason for choosing the centre. The centre is not viewed as an attractive centre, albeit that the recent extension has improved this substantially. The centre is almost entirely used during the day with very little night time activity, which potentially offers an opportunity for diversifying the uses within the centre

### **Knowle**

- 5.19 Knowle local centre is situated along the High Street and Station Road. It is a sizeable village centre with a wide range of retail and service uses. The centre functions as a local centre providing a complimentary offer to that of the Borough's town centres, particularly Solihull. It has numerous cafes, pubs and restaurants, as well as a range of niche retail outlets. There are relatively few national retailers, with independents and services dominating the centre. It is evident that the centre is both vital and viable.
- 5.20 The environment of the centre is very good and there are only a couple of vacant units. There is only one small supermarket within the centre, although it is also served by other convenience operators including a fruit and vegetable shop, bakers, butchers and other specialist food stores. As evidenced by the RECAP assessment a significant level of convenience expenditure within Knowle is directed towards the larger out-of-centre superstores on the Stratford Road.

### **Castle Bromwich District Centre**

- 5.21 Castle Bromwich has a good range of convenience retail floorspace with only a modest comparison offer and performs the function of a district centre for northernmost part of the Borough and adjoining parts of Birmingham by virtue of its location on the boundary of the two authorities.
- 5.22 There is a reasonable mix of national retailers and independents. The units within the centre are mainly converted smaller units, of various ages, with different ownerships. The shop frontages, particularly on the north side of the road, are obstructed by haphazard car parking. Since these are under private ownerships, restrictions and enforcements do not apply, which enables employees and customers to take advantage of this source of parking. On the south side of the Chester Road, there are a number of large purpose built units including a Morrisons, Aldi and Halfords. These cater for the modern retailer who requires large units, and can also provide further car parking facilities. There is further evidence of the development of purpose built units, with these modern units housing Barclays, Blockbuster and Farmfoods near the Chester Road/Hurst Lane cross roads
- 5.23 Less than 500 metres along the Chester Road is a further shopping centre, also referred to as Castle Bromwich shopping Centre. This area is under Birmingham City Council ownership and houses a small Tesco store with a number of small independents. There is a higher vacancy rate amongst the operators in this shopping centre, with goods focused towards the low value end of the market. However, despite the short distance between the two 'centres' there does appear to be a marked difference in the quality of the retail mix and environment.
- 5.24 Castle Bromwich district centre's performance improved from 1998 to 2004. However, since then the centre's performance has deteriorated suggesting that nearby competing have impacted upon its vitality and viability. Notwithstanding this the centre continues to perform well on the face of it. For example, there are few vacant units in the centre.

### **Dorridge**

- 5.25 Dorridge is a sizeable village centre, with three distinct areas; the linear shops along Station Approach, the parade of shops on Station Road and Dorridge Shopping Centre. The centre functions



as a local centre for residents in the village and its surrounding hinterland with the exception of Knowle, which adjoins Dorridge and has a larger and stronger performing centre. Dorridge centre is located in close proximity to the villages railway station, which benefits the centre in terms of attracting trade from commuters but also provides easy access to Solihull town centre, which perhaps serves to draw trade away from Dorridge to a greater than Knowle loses trade to Solihull town centre.

- 5.26 The shops off Station Road appear to be the most popular. This may be due to Tesco supplemented by a number of services such as hairdressers, dentist and holistic therapies. Station Approach contains some modern units next to the railway, including a HSBC, but also some of the oldest buildings in Dorridge. The remaining shops are a mix of quality services and specialist retailers, including a health spa, hairdressers, florist and kitchen showroom. These are part of the Station Approach Conservation Area. Dorridge shopping centre is in much need of modernisation and has a negative impact on the centre. The site has recently benefited from planning permission for a new Sainsburys store, which will significantly regenerate the centre.

### **Hobs Moat Road Local Centre**

- 5.27 Hobs Moat Road local centre is a linear centre situated on the western side of Hobs Moat Road approximately half a mile north of the Land Rover works. The centre functions as a local centre for residents living in the Elmdon area of the Borough, as well as serving the workforce at land rover. Importantly, some trade is drawn from visitors to the Solihull Ice Rink, which is the only ice rink in the Borough and more recently in Birmingham and is an established attraction in the conurbation.
- 5.28 The focal point of the centre is the crescent of shops fronting on to Hobs Moat Road. There is a large pub, a Fitness First gym and the ice rink to the rear of the shops, which can provide ample car parking facilities. The centre itself benefits from off street parking in front of the shops. The environment of the centre is reasonably good, as it benefits from large areas of landscaping in front of the linear shop frontages and particularly at the crescent, which provide a barrier from the surrounding roads.
- 5.29 The centre has two small supermarkets (a small independent operator and a Tesco Express) each at opposite ends of the shopping parade, a butcher and an off-licence. Towards the Ice Rink, there are a number of takeaways and a cafe, which will capitalise on passing trade from visitors. The opposite end has a higher proportion of specialist comparison goods operators, such as tiles, hardware and fireplaces, as well as services, such as hairdressers. There is also a higher unit vacancy rate towards the Tesco store.

### **Balsall Common**

- 5.30 Balsall Common centre functions as a local centre for residents of the village and its hinterland, which extends for a reasonable distance given its relative isolation compared with other large villages in the Borough. The centre is anchored by a modern Co-op store offering a good range of convenience goods, which is supplemented by other specialist convenience stores, including a delicatessen and a fruit and vegetable shop. The centre is focused on the junction of Station Road and Kenilworth Road. The centre benefits from a plentiful supply of designated parking spaces with approximately 60 spaces provided by the Co-op store.
- 5.31 As well as there being a large number restaurants and takeaways, supplemented by the services found in the other centres (dry cleaning, hairdressers, banks) there are also some specialist shops including a book publishers and printers. These specialist retailers are likely to serve a more extensive population thereby encouraging trade to the centre from surrounding areas.

### **Marston Green**

- 5.32 Marston Green is a small local centre of less than twenty shops, which is divided between two areas by the railway station and by the large pub. The centre serves residents of Marston Green village and the commuters using the train station and provides for their day to day convenience needs. Its location close to Chelmsley Wood limits the retail offer of the centre

- 5.33 Convenience provision is largely dominated by the small supermarket and is supplemented by an off licence and delicatessen/butchers. The area by the railway station has a convenience store, off licence, sandwich shop and a hardware shop. The main part of centre contains a larger convenience store and a number of service providers including a laundrette, dry cleaners, two hairdressers and two estate agents. There is also a Chinese restaurant and two takeaways. There were no vacant units, but also no requirement listed on *Shopproperty* from any national retailer who wishes to locate there. There is off street parking provided in front of the shopping parade, but a large proportion of people appear to use the Pub's free car park.

### **Retailer Demand**

- 5.34 The 2009 report evaluated retailer demand for each of the town centres and Knowle. The findings are summarised below and remain consistent with the conclusions reached in the 2011 update.
- 5.35 Solihull town centre has a healthy level of retailer requirements from both convenience and comparison goods retailers. The requirements should all be located in town centre locations when suitable units become available or when new pipeline schemes come to fruition.
- 5.36 Shirley town centre has a more modest level of requirements from both convenience and comparison goods retailers. The requirements are mainly from the lower end of the market, i.e. discount stores and charity shops, reflecting the different type of role these centres performs compared with Solihull albeit that they would represent an improvement to the range of shops.
- 5.37 Chelmsley Wood town centre has one requirement from a comparison goods operator suggesting relatively weak demand for the centre at present. Completion of the town centre expansion is likely to strengthen the level of interest because it will improve the attraction of the centre to shoppers.
- 5.38 Knowle Local centre has a relatively strong level of requirements from convenience retailers and a more modest level of demand from comparison retailers.

### **On Street Interview Survey 2009**

- 5.39 The 2009 study commissioned an on street survey of shoppers in the three main town centres in the Borough in order to gain an understanding of customer views and behaviour, which is one of the indicators of a towns vitality and viability. An updated survey was not been carried out for this study in light of the limited level of development that has occurred since the last survey. Consequently, reference should be made to the 2009 report for the full analysis of the interview survey. Below is a summary of the findings of the on street survey carried out in 2009.

### **Conclusions from the Chelmsley Wood District Centre On-Street Interview Survey**

- 5.40 Chelmsley Wood appears to operate as a district centre that is very much used by the local population. Although a lot of shoppers reach the centre by car, the majority of shoppers either walk or use public transport. It is clear that proximity is the main reason for choosing the centre with almost three quarters of respondents using the centre because it is close to where they live, 6% because it is easy to get to by public transport, 4% because it is easy to get to by car, and a further 4% because it was close to work. In total, 86% of respondents chose to use the centre for reasons of proximity and accessibility.
- 5.41 The centre is largely used for frequent food shopping trips and non-food purchases with 67% of respondents visiting the centre at least once a week for food shopping, and 73% visiting at least once a week for non-food shopping. Observing how much people had spent or were expecting to spend would suggest that the centre is used for daily and weekly household shopping since the majority of people were spending £50 or less.
- 5.42 In terms of general attitudes towards Chelmsley Wood District Centre, it is clear that shoppers don't find the centre particularly attractive, but use the centre because of the proximity to where they live. There were mixed feelings about the range of shops on offer. One could argue that that there are

enough shops and services to attract a high level of frequent shoppers to the centre; but conversely, some of these shoppers may not have access to centres elsewhere.

- 5.43 In terms of suggested improvements to the centre, almost a third of respondents wanted more or better shops, particularly clothes shops or men's clothes shops. 19% mentioned particular shops that they would like to see in the centre, including Asda (36%) which is currently under construction, Marks and Spencer (28%), and Next (10%).
- 5.44 Users of the centre rated the bus services, safety & security, the range of shops and services, and the cleanliness of the town centre relatively positively. However, car parking and the attractiveness of the town centre were rated fairly poorly. There was a marginally positive balance of satisfaction with the centre, which will be likely to improve upon completion of the current redevelopment providing an Asda superstore, which many respondents want.
- 5.45 Overall, Chelmsley Wood District Centre serves the local population reasonably well. There are good public transport links and shoppers generally rate the centre fairly positively. The attractiveness and car parking appear to be the main issues amongst respondents, as well as gaps in shopping provision within some non-food areas. The Asda superstore currently under construction within the centre may address some of those gaps, particularly the non-food component. As mentioned, the current lack of evening attractions within the centre also suggest that future diversification could be appropriate for Chelmsley Wood District Centre.

#### **Conclusions from the Shirley Town Centre On-Street Interview Survey**

- 5.46 It is evident from the survey that Shirley is predominantly used for food shopping, either in the supermarkets or other food shops. 77% of people had bought, or expected to buy, food, groceries, confectionery, tobacco, newspapers or magazines. When asked, respondents also liked the food offer in Shirley; with 45% of all respondents saying that they liked the food shops and 37% saying that they liked the good superstores.
- 5.47 There are a significant proportion of people who use Shirley Town Centre for access to services and non-food shopping. However, many respondents thought that there was a poor range of non-food stores. Some respondents wanted to see more clothes stores (especially for older women), mentioning Marks & Spencer and Next in particular.
- 5.48 Accessibility and proximity play key roles in attracting people to the town centre. 82% of people gave proximity or accessibility as the main reason for choosing to shop in the centre; and many of those people use the centre on a regular basis (72% of respondents visit Shirley at least once a week). Shoppers liked the fact that the town centre was accessible to them, but some complained of congestion.
- 5.49 On balance, users of Shirley Town Centre rated it positively, especially in terms of car parking, bus services, and the range of shops, services and evening attractions. However, most users did not specify attractiveness of the town centre as their reason for using it; and many thought that there is a lack of cultural, leisure, or entertainment facilities.
- 5.50 In our opinion, the survey results indicate the importance of food shopping to the vitality and viability of the centre. They also indicate that it functions mainly as a centre for local people, and does not have sufficient attractions to draw shoppers from far afield. Its role is therefore more akin to that of a district centre than a town centre, offering a broad spread of retailing, services and evening attractions. However, it is generally rated positively by its users, both during the day and in the evening.

#### **Conclusions from the Solihull Town Centre On-street Interview Survey**

- 5.51 It is evident from the survey that a large proportion of the people interviewed in Solihull Town Centre (70%) chose to come to the town centre because of proximity factors (it is close to home, work, family, etc), rather than specific attraction factors such as the shops and services which it provides. This is not uncommon, since (*ceteris paribus*) most people prefer nearby centres over more distant centres.
- 5.52 The town centre is predominantly used for non-food shopping, particularly clothes and shoes, with a significant proportion also undertaking food shopping - especially as a secondary activity. For non-

food shopping, almost half of those interviewed visit more than once a week, whilst 30% visited for food shopping at least once a week. Over half (57%) of users reach the town centre by car (not including the 1% who arrived by taxi), whilst 29% travelled in by bus. Just 11% walked or cycled into the town centre.

- 5.53 In terms of attitudes to Solihull, it is clear that general attitudes are very positive; with 74% of respondents stating that for shopping or services they disliked nothing or very little about the town centre compared with just 2% who liked nothing or very little. Many of the shoppers liked the town centre's good non-food shops, its attractive environment, clean streets, and pedestrian/traffic free areas.
- 5.54 In terms of dislikes, congestion (both people & traffic) and parking are the biggest issues amongst shoppers. Shoppers particularly disliked the difficulty and cost of parking, general traffic congestion, and busy, crowded streets. Perceived poor value for money and expensive food shops were also common dislikes (24% of respondents).
- 5.55 In terms of dislikes the largest grievance was car parking charges (8%). A small minority (3%) said that there is a poor range of shops and a poor provision of seats/litter bins/public phones/toilets. The main shops that people said would make them use the town centre more often were discount high-street fashion outlets such as New Look (35%) and Primark (33%).
- 5.56 Attitudes to specific aspects of the town centre (such as parking, bus services, safety, attractiveness, and range of shops, services and attractions) were also predominantly positive in both the daytime and the evening.
- 5.57 Overall, the results of this survey show that Solihull Town Centre is rated very positively by its users as an attractive place offering a good range of shops and services. There don't appear to be any frequently arising common concerns other than the cost of parking and safety/groups of youths during the evening. However, there does appear to be demand for discount high-street fashion retailers.

## 6 Commercial Leisure Facilities Update

- 6.1 In this section we update the findings from our 2009 report which reviewed leisure capacity in Solihull and identified the potential for additional commercial leisure facilities. We provide an analysis of commercial leisure development and an update to the commercial leisure market, including any growth since 2009.
- 6.2 Commercial leisure covers uses such as cinemas (both multiplexes, and traditional town centre cinemas), bowling alleys, night clubs, family entertainment centres, health and fitness studios; and various food and drink outlets including pubs and restaurants. Most of these are already represented in or around the centres of Solihull Borough (Solihull, Shirley, Knowle, Chelmsley Wood and Knowle).
- 6.3 The National Exhibition Centre (NEC) and Birmingham Airport are also located within the Borough and provide a regional/national/international leisure offer. A masterplan to deliver a £90 million leisure development at the NEC was announced by NEC Group in 2008.

### Leisure Market Overview

- 6.4 The UK leisure industry has seen a difficult few years, with different sectors being hit worse than others by the recession. Market experts believe that consumer confidence, although less negative than in 2008/9, still remains elusive with a sustained recovery not expected until at least the beginning of 2012. Prior to this the commercial leisure market had been growing rapidly as a result of an increase in disposable incomes and more time being spent on leisure activities.
- 6.5 In this section, we review the existing commercial leisure facilities in and around Solihull Metropolitan Borough, and then identify demand from operators to open new leisure facilities. The commentary below also looks at the main commercial leisure sectors and how they have been performing nationally over the last year (source: DTZ and the Savills UK Commercial Leisure Bulletin Autumn 2010). Finally, we set out our conclusions on the need for new leisure development within the Borough.

#### Hotels

- 6.6 During 2009, the Regional UK hotel market (ex London) recorded a 12.2% decline in RevPAR (Revenue Per Available Room), as a result of an 8.4% drop in achieved room rate and a 4.3 pts drop in occupancy. Demand for hotel space lowered and became price sensitive.
- 6.7 The latter half of 2010 was more positive and increases in occupancy rates have been the main contributing factor to a positive trend in RevPAR performance. Regional cities with recent new supply have found it difficult to capitalise as well on returning demand.
- 6.8 The average occupancy for the London market has been consistently in excess of 80% since 2006. Outside of London the strongest rebound in performance has been the airport markets, with RevPAR growth in excess of 5% at Heathrow, Gatwick and Birmingham.
- 6.9 It is anticipated that in 2011 the UK market (outside London) will see a stabilisation in occupancy levels.

#### Restaurants

- 6.10 Restaurants performed better in 2010 with consumers attracted by offers, discount vouchers and promotions. The majority of the chains have performed well over the last year, in a highly competitive market. Few restaurant chains reported losses and most reporting flat or slightly positive results. The casual dining market is well established, including Pizza Express and Ask which have units in Solihull. Smaller independent restaurants have found it harder to compete with the promotional campaigns of the chains.

- 6.11 One of the key recent trends in the restaurant market has been the presence of restaurants, as opposed to fast food operations, within shopping centres. This is evident with both Pizza Express and Ask taking space within the Touchwood Centre. Catering has generally performed well during the recent recessions and presence of restaurants within the shopping centres has helped maintain footfall.
- 6.12 Requirements for space have generally been from the established restaurant chains, although new entrants such as Jamie's Italian and Cote have been actively acquiring units. Neither of these have expressed a specific interest in Solihull, although Jamies Italian has recently opened a West Midlands unit at the Bullring in Birmingham.
- 6.13 Savills UK Commercial Leisure Bulletin Q4 2010 identified the following general requirements in the market at the end of 2010.

**Table 4.5: Savills UK Commercial Leisure Bulletin Q4 2010**

Operator	2010/11	2009/10
<b>The Resturant Group</b> Frankie and Benny's Chiquitos Garfunkles Bluebeckers	35 units to be split between shopping centres, leisure parks and standalone units for F&B's and pub sites	15
<b>Tragus</b> Strada Bella Italia Café Rouge	20+	15
<b>Gondola</b> Pizza Express Ask Zizzi Byron	50 units – 95% High Street	30
<b>Prezzo</b> <b>Prezzo</b> Chimichanga Café Uno *	15 units (8 already in legals). Mix of all good locations.	30
<b>Nandos</b>	20 units – High Street and Central London	25
<b>Las Iguanas</b>	6 – 10 units – Shopping Centres and good town centre / edge of town Leisure Parks	5
<b>Cote</b>	10 units – High Streets only and opportunity lead	5
<b>Total</b>	160	125

Source: Savills UK Commercial Leisure Bulletin Q4 Autumn 2010

#### Pubs and Bars

- 6.14 2010 was slightly more positive for pubs and bars than the previous 18 months and the majority of remaining operators reported an upturn in sales during the year. Most operators have been focused on maintaining their current operations, although there were a few looking to increase market share including Mitchells and Butlers and JDW. None of these have specific requirements in Solihull.
- 6.15 The overall condition of this sector remains fragile, with trading performance still likely to be affected.

Cinemas

- 6.16 In general cinemas have performed well in recent years and have achieved increasing admission levels. Cineworld reported an 8.5% national increase in revenue for the 42 weeks to 21st October 2010.
- 6.17 A new trend becoming apparent is that customers are less likely to choose their cinema on which is closest to their home but more on which provides them with the best experience, for example 3D films.

Nightclubs

- 6.18 The late night sector has struggled recently, experiencing a decline in income and challenging conditions. In the past few years, Luminar, the UK's largest nightclub operator has sought ways to safeguard performance including links with Jongleurs, the Ministry of Sound and HMV, but still reported a fall in like for like sales across the period of 19.4% in the 12 weeks to 6 January 2011.
- 6.19 In general, nightclubs are able to adapt to fit available vacant space in town centres and out of town leisure parks, however operators often require large multiple level structures to allow for separation of areas, and high ceiling space.

Health and fitness

- 6.20 The health and fitness sector has experienced both challenges and opportunities over the last few years. Established operators such as Virgin Active and Fitness First have generally found the recession a challenging time and have put growth on hold to focus on current operations. Virgin Active announced in August 2010 that they had no further gym openings in the UK and would focus on international expansion.
- 6.21 There have been new entrants to this market, including the concept of the budget gym offering cheap but well-equipped gyms for a much lower price than the main operators. One example is The Gym Group, who have secured recent capital to help fund their expansion.
- 6.22 Similar operators are generally willing to consider cheap, unoccupied and less desirable stock including space in office blocks and car parks.

**Existing Leisure facilities in and around Solihull Metropolitan Borough**

- 6.23 Table 6.1 outlines the range of activities that exist within Solihull Metropolitan Borough, updated since our 2009 report. This is not a guaranteed complete list of all leisure facilities but is as comprehensive as possible given the range of sources.
- 6.24 There are no leisure parks in the Solihull catchment area, although there are four in the neighbouring Birmingham catchment area; Star City, Broadway Plaza, Birmingham Parklands and Five Ways.

**Table 6.1 – Commercial Leisure Activities within Solihull Metropolitan Borough**

Leisure Activities	Operator and Location
<b>Cinema</b>	Cineworld, Touchwood, Solihull
<b>Leisure Centres</b>	Tudor Grange Leisure Centre, Solihull North Solihull Sports Centre, Chelmsley Wood
<b>Ice Rinks</b>	Solihull Ice Rink, Hobs Moat Road
<b>Ten Pin Bowling</b>	None
<b>Nightclubs</b>	Reflex, High street, Solihull The Opal Lounge, High Street, Solihull The Honey Club, High Street, Solihull
<b>Theatres</b>	Dovehouse Theatre, Solihull Solihull Arts Complex, Solihull
<b>Private Health clubs</b>	Virgin Active, Blythe Valley Park Bannatyne Health and Fitness, Saintbury, Solihull

	David Lloyd Leisure, Cranmore Boulevard, Shirley The Hampton, Station Court, Hampton in Arden David Lloyd Leisure, Monkspath Leisure Park, Shirley David Lloyd Leisure Solihull South, Highlands Road, Solihull Fitness First, Hobs Moat Road, Solihull Fitness First, Ulleries Road, Solihull Forum Health Club, Craig Croft, Chelmsley Wood Club Motivation, Homer Road, Solihull Living Well Health Club, NEC Health Club, Renaissance Hotel, Solihull Health Club, Village Hotel, The Green Business Park, Solihull
<b>Golf</b>	West Midlands Golf Club, Marsh House Farm Lane Widney Manor, Saintbury Drive, Monkspath, Solihull Robin Hood Golf Club, St Bernard's Road, Solihull Tidbury Green Golf Club, Tidbury Green Olton Golf Club, Olton North Warwickshire Golf Club, Hampton Lane, Meriden Solihull Indoor Golf Centre, Drayton Road, Solihull Shirley Golf Club, Stratford Road Four Ashes Driving Range, Dorridge Copt Heath Golf Club, Knowle
<b>Bingo</b>	None
<b>Snooker</b>	Riley's Pool and Snooker Club, Hobs Moat Road, Solihull Grenville Club, Warwick Road, Solihull
<b>Arts Centre</b>	Solihull Arts Complex, Solihull
<b>Regional Attractions</b>	National Exhibition Centre

Source: DTZ 2011

- 6.25 There are a range of leisure uses within Solihull town centre, including Solihull Arts Complex, private health clubs, nightclubs, hotels, bars and restaurants. The only cinema within the borough is a 9 screen Cineworld cinema located within Solihull town centre in the Touchwood complex. There are also a number of leisure activities situated on the edge of and outside Solihull town centre including Tudor Grange leisure centre, Solihull ice rink, Dovehouse theatre. There has been little change in provision since our 2009 report.
- 6.26 Within the other main centres, Shirley town centre contains a number of pubs, restaurants and a hotel, and a number of other leisure activities including two golf clubs and two private health clubs are situated outside the defined town centre. There are few leisure uses within Chelmsley Wood, although North Solihull Leisure Centre and a private health club are close to the town centre.
- 6.27 There are a number of pubs and restaurants, a hotel and two nearby golf courses in Knowle.
- 6.28 The NEC campus comprises the NEC Arena, pavilion and forum, 17 exhibition halls, four hotels (Crowne Plaza, Hilton Metropole, Premier Inn, Holiday Inn Express), railway station and international airport. The NEC creates a focus for business tourism within the Borough and beyond.
- 6.29 Overall, there is a good range of leisure facilities available within Solihull Borough, with only a few notable exceptions. The location of Solihull on the fringe of the West Midlands means there is good access to a range of facilities in the nearby area.

### Competing Commercial Leisure Operations

- 6.30 When considering potential for new leisure operations in Solihull Metropolitan Borough, it is important to understand competing markets. The following are a selection of the towns and cities within the region that have competing commercial leisure operations:



- Leisure Parks: Star City, Broadway Plaza, Birmingham Parklands and Five Ways in Birmingham.
- Cinemas: Birmingham, Coventry, Redditch
- Theatre: Birmingham, Coventry
- Ten Pin Bowling: Birmingham, Coventry, Tamworth
- Bingo: Birmingham, Redditch
- Ice Rinks: Coventry, Tamworth
- Nightclubs: Birmingham, Coventry
- Private Health Clubs: Birmingham, Coventry
- Golf clubs: Birmingham, Coventry, Redditch
- Regional Attractions: Birmingham, Coventry

6.31 Birmingham and Coventry remain the strong competitors to commercial leisure uses within Solihull, and we commented in our 2009 report that many Solihull residents are willing to travel to these centres, particularly Birmingham, for leisure needs.

### Use of and Demand for Leisure Facilities

- 6.32 To inform our 2009 report a household survey was undertaken to ascertain respondent's use of current facilities within the catchment area. The facilities asked about were cinema, theatre, bowling alleys, bingo, sports centres and gyms, nightclubs, and cafes/restaurants. The results were weighted to be statistically representative of the catchment area.
- 6.33 Table 6.3 lists the leisure activities in order of their popularity as shown from the Household Interview Survey, with visiting pubs, cafes and restaurants by far the most popular leisure activity.

**Table 6.3 Popularity of Leisure Facilities in 2009**

Rank	Activity	% of Respondents undertaking Activity
1	Pubs, clubs, cafes & restaurants	71
2	Theatre / Concerts	55
3	Cinema	44
4	Sports Centres / Gyms	29
5	Bowling / Ice Skating	24
6	Nightclubs	14
7	Bingo / Snooker	10

Source: DTZ Household Interview Survey 2008

- 6.34 Solihull town centre attracts the majority of Borough's market share with Shirley and particularly Chelmsley Wood performing less well. For Shirley and Chelmsley Wood to be competitive, the town centres would benefit from more cafes and restaurants, particularly higher quality restaurants in the case of Shirley. Providing a higher number of restaurants will also boost the evening economy of the town centre and contribute to the vitality and viability of Shirley and Chelmsley Wood.
- 6.35 It was noted from the household survey undertaken to inform our 2009 report that very few people visited leisure facilities in Chelmsley Wood, suggesting a lack of choice, or a negative perception of the existing facilities. Solihull town centre significantly outperformed all other centres within the Borough, suggesting a strong range of facilities in Solihull and perhaps a lack of choice elsewhere.

### Existing Commercial Leisure Planning Applications and Development Pipeline

- 6.36 There are a number of proposals for mixed-use developments within the Borough, which may have an element of leisure activity in them, particularly Class A3/A4/A5 the leisure uses

- 6.37 Two long-term proposals for mixed use developments which will include a large amount of commercial leisure floorspace include the potential Touchwood phase two development and the NEC Masterplan. At the time of preparing this report the extent of floorspace on these schemes was unknown

### Demand for Leisure Facilities

- 6.38 There is no demand for leisure floorspace from established or independent operators currently registered with FOCUS.
- 6.39 Our 2009 report reviewed outstanding demand for leisure facilities in the borough by writing to over 80 main commercial leisure facility providers to establishing whether they are interested in developing new facilities within the borough. Very few responses were received and no interest was expressed in any of the centres. Market conditions were cited as the reason for lack of interest in some responses received. The timing of this study coincided with poor market conditions indicated only very limited demand from operators for new commercial leisure facilities in the borough. A private health club operator of leisure facilities had expressed an interest in locating in Solihull town centre when the market conditions improved.

### Representation of Food and Drink Establishments (Class A3/A4/A5)

- 6.40 Solihull town centre has a variety of restaurants, hot food takeaways, pubs and cafes. The GOAD Centre Report for Solihull (2010) identifies 34 units within the town centre in leisure uses (including restaurants, cafes and fast food) making up 6,420 sq m of floorspace. This compares to our 2009 report which identified there to be approximately 32 leisure units within the town centre, taking up approximately 11,000 sq m of ground floor 'footprint' floorspace.
- 6.41 A3 operators include main franchises such as Cafe Rouge, TGI Fridays, Pizza Express and Nandos, as well as independent operators such as Cafe Roaster. These are similar to the multiple retailers present at our 2009 report. Many of the restaurants are situated in Touchwood Centre, Station Road and the High Street.
- 6.42 The latest GOAD report published 2010 identifies a total of 59 leisure service uses within Solihull Town Centre, including Bars & Wine Bars, Bingo & Amusements, Cafes, Casinos & Betting Offices, Cinemas, Theatres & Concert Halls, Clubs, Disco, Dance & Nightclubs, Fast Food & Take Away, Hotels & Guest Houses, Public Houses, Restaurants and Sports & Leisure Facilities. Table 6.2 illustrates the split of these uses.

**Table 6.2 Split of Leisure Uses in Solihull Town Centre**

Leisure Services	Outlets	% total units
Bars & Wine Bars	9	15%
Bingo & Amusements	1	1%
Cafes	8	14%
Casinos & Betting Offices	3	6%
Cinemas, Theatres & Concert Halls	2	3%
Clubs	1	1%
Disco, Dance & Nightclubs	1	1%
Fast Food & Take Away	11	20%
Hotels & Guest Houses	1	1%
Public Houses	7	13%
Restaurants	14	24%
Sports & Leisure Facilities	1	1%
<b>Total</b>	<b>59</b>	<b>100%</b>

Source: GOAD Category Report – Solihull 2010

- 6.43 Shirley town centre has far fewer restaurants, takeaways, pubs and cafes than Solihull. The latest GOAD centre report identifies 6,670 sq m of leisure service floorspace and 37 units.
- 6.44 There are no national chain restaurants such as Ask or Pizza Express and no independent restaurants in Shirley. There remains a gap in A3 provision from higher quality restaurant franchises and independent providers and a lack of coffee shops and cafes.
- 6.45 The other centres, including Knowle, Castle Bromwich and Chelmsley Wood have limited leisure provision, including small independent fast food operators, independent restaurants, cafes and pubs.

### Demand for Class A3/A4/A5 Uses

- 6.46 Table 6.2 summarises the list of Leisure operators with existing requirements for premises within Solihull.

**Table 6.2 – Demand for Class A3/A4/A5 Uses in Solihull Town Centre 2011**

Operator	Min Space (sq m)	Max Space (sq m)	Date of Requirement
Tantra Bar and Lounge	232	464	18/01/10
Terra Cotta	464	1,000	18/01/10
<b>Total</b>	<b>696</b>	<b>1,464</b>	

Source: Focus 2011

- 6.47 Atlantis Enterprises have a bar, club and restaurant requirement including 232-464 sq m (2,500 - 5,000 sq ft) for a new Tantra Bar and Lounge on an 'established bar and leisure circuit', and 464 – 1,000 sq m (5,000 to 12,000 sq ft) for a new Terra Cotta oriental buffet style restaurant within the town centre, or an industrial premises on a principle arterial route which could be converted.
- 6.48 Similar to the time of our 2009 report, there are no specific A3/A4/A5 requirements for the remaining centres, likely due to space being taken by small independent operators rather than national multiples. Within our 2009 report we noted there were eight requirements from A3/A4/A5 operators to locate within the town, amounting to between 4,936 sq m and 6,829 sq m of space for a variety of operators including restaurants, pubs and nightclubs. The most up to date review of the FOCUS database lists only two requirements for leisure space, much less than the number recorded in our 2009 report.
- 6.49 Despite the lower levels of demand, there is evidence that some of the demand for space expressed in our 2009 report has since been fulfilled within the town centre. Pizza Express took 325 sq m (3,500 sq ft) at the top floor of the Touchwood Shopping Centre in early 2010, and Ask opened at Touchwood in November 2010.
- 6.50 The majority of requirements listed remain for moderately sized units which should be accommodated within the town centre when vacancies arise.

### Business Tourism

- 6.51 Business tourism includes 'conferences, exhibitions, small and large business meetings and training events, as well as the travelling business user who visits companies on day or overnight visits'. Business tourism is a key sector for the West Midlands region, driven by the location of the NEC and Birmingham International Airport. Both of these facilities are located within the borough, making Solihull well placed to benefit from this sector.
- 6.52 The SMBC Business Tourism Survey 2006 found that all hotels recognised the importance of business tourism and its influence on their business and success. It was noted that there had been a drop in business from the NEC due to the decline in the number of trade shows against public shows where fewer people stay overnight. It was also noted that an increase in the number of hotels in the region are taking market share from the Borough's hotels.

- 6.53 Along with the NEC, business visitors to local business parks (RIS) and head offices within the Region provide a strong customer base to many hotels in the area. All large hotels now offer conference facilities of some sort, which highlights the importance of this trade. The SMBC Business Tourism Survey 2006 found that the airport was not considered to have much of an impact on business, with the exception of those located within or adjoining the airport campus. This highlights the strength of the business parks and trade connected to business tourism in the area.
- 6.54 Within the 2006 survey, hoteliers identified a need to raise awareness of Solihull as a business location to enable promotion to international audiences and for extended public transport links between the NEC, the airport and Solihull town centre to combat congestion and car parking problems.
- 6.55 Business tourism remains an important and growing part of the Boroughs economy. Whilst there is no update available to the SMBC Business Tourism Survey 2006, the business locations which remain well occupied within the borough, including Blythe Valley, Birmingham Business Park and office accommodation within the town centres, continue to attract business visitors who use local accommodation.
- 6.56 There is likely to be an increase in demand for additional hotel accommodation and conference facilities following the redevelopment of the NEC which is subject to a masterplan for redevelopment. Locations within the borough which have good links with the NEC and the airport, including Solihull town centre, will likely be preferable locations for such growth, although demand from the existing business parks is likely to continue.

### Summary and Conclusions

- 6.57 The type of existing commercial leisure facilities in and around Solihull Borough covers a wide variety of activities, mainly concentrated within Solihull Town Centre including at Touchwood, but with complementary provision within the other centres.
- 6.58 Responses to our 2008 household questionnaire showed that in every category of commercial leisure facility Birmingham outperformed Solihull, which is unsurprising given that Birmingham's status as a Regional Centre and the ease of access to Birmingham. The survey notes additional leisure competition from Coventry, Redditch, Leamington and Stratford-upon-Avon, although not a significant amount of people.
- 6.59 Overall the Borough remains reasonably well served for leisure facilities, particularly within Solihull's town centre. In general, the Council should support the principle of additional commercial leisure facilities within the Borough in accordance with the sequential approach and having regard to the regional/national role of the NEC.
- 6.60 There remains a relative lack of restaurant provision in Shirley and Chelmsley Wood and presence of these leisure uses alongside the existing retail uses would improve these centres. The Council should support in principle the change of use from retail to restaurants and bars to extend the activity within the centre and provide night time activity within the smaller town centres, but only where such uses would be appropriate and not have a negative impact on local amenity.
- 6.61 The Borough is well served with hotel and conference facilities associated with the business tourism sector. The proposed redevelopment of the NEC is likely to increase demand for hotel and conference facilities, but also increase provision as part of a site masterplan. As a key sector for the Borough there is likely to be demand for additional facilities over the plan period and these are likely to concentrate in the main town centres, which benefit from good links with the NEC, the airport and the Boroughs business parks.
- 6.62 The Council should support any such proposals when they arise, and welcome business tourism developments in principle in accordance with a sequential approach.

## 7 Office Market Update

- 7.1 This section provides an update on the analysis of the Solihull Borough office market. Similar to our 2009 report, it focuses on the needs and opportunities for new office development in Solihull, Shirley and Chelmsley Wood town centres, and Knowle local centre, accounting for changes since the 2009 assessment.
- 7.2 We also analyse the supply and potential need for office floorspace in out of centre locations, and differences in these results from our 2009 report. Comparable to our 2009 report, out of centre locations are identified as those which are generally located within the Regional Investment Sites (RIS – formerly Premium Employment Sites) along the M42 corridor where the vast majority of office floorspace within the Borough is located. The quantity and quality of this provision has direct implications for the office stock provided within the Borough's towns.
- 7.3 In our 2009 report we noted that the geography and the fact that the majority of Solihull office provision has been termed 'Birmingham/Solihull out of town' in previous office studies, Solihull and Birmingham are often considered as a single office market. Whilst this situation remains, this Study makes the distinction of Solihull. We have included commentary on 'Birmingham/Solihull out of town' where relevant to illustrate local office market trends.

### Methodology

- 7.4 To ensure accuracy in the comparisons drawn from our 2009 report, we have used similar techniques for forecasting quantitative need for new office floorspace:
- We have undertaken a broad commercial market based assessment concentrating on Solihull Town Centre, followed by the other identified centres within the Borough (Shirley, Chelmsley Wood and Knowle) and review these findings in light of our 2009 report.
  - We have compared the employment structure of the Borough to regional and national structures, and changes since our 2009 report.
  - We have assessed the supply of office floorspace and the amount of available existing office floorspace being marketed, and the pipeline office supply and compared this to the findings of our 2009 report and specific sites which were identified as potential at this time.
  - We have assessed the demand for office floorspace by the location and type of leasehold and freehold transactions over the last 18 months and compared this to the situation in 2009.
- 7.5 The findings of these assessments will update our earlier guide to where additional office floorspace is needed from a market point of view, how this has been addressed in the interim period from our 2009 report, and the balance of this against the emerging planning guidance for Solihull, including the Emerging Core Strategy which was published for consultation in October 2010.

### Employment Structure and Growth

- 7.6 Table 7.1 reviews the business structure of the Borough in 2008 (the most recent date for which such data is available).

**Table 7.1 Proportional Breakdown of Employee Jobs – 2008**

Sector	Solihull	West Midlands	Great Britain
Manufacturing	9.5	13.8	10.2
Construction	8.1	4.9	4.8
Services	80.9	79.7	83.5
Distribution, Hotels & Restaurants	22.6	23.6	23.4
Transport and Communications	8.1	5.8	5.8

Finance, IT, other business activities	26.1	18.6	22.0
Public Admin, Education and Health	19.8	27.0	27.0
Other Services	4.2	4.6	5.3
Tourism Related	7.8	7.4	8.2

Source: NOMIS 2008 (ONS annual business inquiry employee analysis)

- 7.7 Table 7.1 identifies the largest sectors in the Borough are services, finance, IT and other business activities, and distribution, hotels & restaurants. Services account for 80% of businesses within Solihull, comparable to both the West Midlands and Great Britain breakdown. Finance, IT and other business activities, and distribution, hotels & restaurants account for 23 – 26% of all businesses.
- 7.8 The proportion of finance, IT and other business activities present in Solihull is greater than both the West Midlands and Great Britain averages and reflects the strength of this sector within the Borough, which has increased since our 2009 report.
- 7.9 Table 7.2 compares the change in proportional breakdown of employee jobs between 2006 (used in our 2009 report) and 2008 (the most recent data available).

**Table 7.2 Change in Proportional Breakdown of Employee Jobs – 2006 – 2008**

Sector	Solihull 2008	Solihull 2006	Solihull Change 06-08	West Midlands Change 06-08	Great Britain Change 06-08
Manufacturing	9.5	9.8	+ 0.3	- 12.9	- 0.7
Construction	8.1	8.9	+ 0.8	- 0.1	0
Services	80.9	80.3	- 0.6	+ 0.8	+ 0.6
Distribution, Hotels & Restaurants	22.6	21.9	+ 0.7	- 0.1	- 0.1
Transport and Communications	8.1	7.6	+ 0.5	+ 0.2	+ 0.1
Finance, IT, other business activities	26.1	22.3	+ 3.8	+ 0.8	+ 0.8
Public Admin, Education and Health	19.8	23.2	- 3.4	+ 0.4	- 0.1
Other Services	4.2	4.3	- 0.1	- 0.5	0
Tourism Related	7.8	8.4	- 0.6	- 0.3	- 0.1

Source: NOMIS 2006 and 2008 (ONS annual business inquiry employee analysis)

- 7.10 Table 7.2 illustrates particular sectors in the Borough have maintained a strong position despite decline regionally and nationally. In particular manufacturing jobs have increases 0.3% compared to a 12.9% fall regionally and 0.7% fall nationally.
- 7.11 The finance, IT, other business activities sector has also performed well since our 2009 report, showing growth of 3.8% compared to only 0.4% growth nationally and an 0.1% decline nationally. Other sectors have experienced small growth/decline which is broadly comparable to the situation elsewhere.
- 7.12 Public administration, education and health sectors have experienced a decline within the Borough of 3.4% over the study period, compared with a much smaller decline nationally (0.1%) and small growth in the region (0.4%).
- 7.13 Table 7.3 below provides complete data sets which illustrate the proportional breakdown of employee jobs in Solihull compared to West Midlands and Great Britain in 2006 (used in our 2009 report) and 2008 (the most recent data available).

**Table 7.3 Proportional Breakdown of Employee Jobs – 2006 and 2008**

Sector	Solihull 2008	Solihull 2006	West Midlands 2008	West Midlands 2006	Great Britain 2008	Great Britain 2006
Manufacturing	9.5	9.8	13.8	14.7	10.2	10.9
Construction	8.1	8.9	4.9	5.0	4.8	4.8
Services	80.9	80.3	79.7	78.9	83.5	82.9
Distribution, Hotels & Restaurants	22.6	21.9	23.6	23.7	23.4	23.5
Transport and Communications	8.1	7.6	5.8	5.6	5.8	5.9
Finance, IT, other business activities	26.1	22.3	18.6	17.8	22.0	21.2
Public Admin, Education and Health	19.8	23.2	27.0	26.6	27.0	26.9
Other Services	4.2	4.3	4.6	5.1	5.3	5.3
Tourism Related	7.8	8.4	7.4	7.7	8.2	8.3

Source: NOMIS 2008 (ONS annual business Inquiry employee analysis)

- 7.14 Table 7.3 shows that services have remained the largest sector in the Borough between 2006 and 2008, which reflects a similar picture to what has been experienced in the West Midlands and nationally. Similarly distribution, hotels & restaurants, finance, IT, other business activities, and public admin, education and health each retain a significant proportion of the total job market.
- 7.15 There remain a higher percentage of people employed in finance and IT compared with the West Midlands and Great Britain generally. Most notably employment in construction has maintained an important share of the market and is almost double the regional and national percentage. Manufacturing employment remains considerably lower against the regional level, particularly given the growth experienced in the sector within the region over the study period.
- 7.16 The Regional Centres Study<sup>6</sup>, which informed the emerging RSS estimates employment growth at 3.6% per annum and forecasts gains in office employment within the Borough of between 4,927 and 6,968 people up to 2021. The study translated this into the need for between 90,000 sq m and 130,000 sq m of additional office floorspace over the same period.

### Summary of Provision

- 7.17 **Premium Employment Sites:** Solihull Borough has several business parks mainly concentrated along the M42 corridor in out of centre locations. Birmingham Business Park and Blythe Valley Business Park are Regional Investment Sites (RIS), which are 'first tier' employment sites of regional significance.
- 7.18 **Business Parks:** In addition to the two RIS locations the Borough also contains other business parks including Solihull Business Park and Aspire, which are all located by M42 Junction 4. Solihull Business Park is a mixed use office and industrial complex where almost 40,000 sq ft was completed at the Pavilions at the end of 2007. Several schemes have been developed just to the north of Blythe Valley Park, in the area between the motorway junction and Solihull Town Centre. The closest to Blythe Valley Park, accessible from Stratford Road, was the first phase of the Fore development, where 5,853 sq m was completed in 2009.

<sup>6</sup> Regional Centres Study Appendix 6 Office Forecasts, Roger Tym & King Sturge, March 2006

- 7.19 **Solihull Town Centre** has the largest amount of office floorspace for any centre in the Borough. The majority of office floorspace is located around the centre's retail core at Homer Road, Warwick Road and Poplar Road. There are several office locations between Solihull and Shirley around Highlands Road/Cranmore Boulevard.
- 7.20 The office floorspace in **Shirley town centre** is predominantly located at the periphery of the centre's retail area, as well as above retail units. There is a larger amount of out of centre office accommodation located to the south of Shirley close to the M42 Junction 4, which includes the RIS at Blythe Valley. The TRW site is also located to the south of Shirley and has been subject of an outline application for office development.
- 7.21 There is a very small amount of office space within **Chelmsley Wood town centre**, as the centre is primarily retail focussed. There is a large amount of accommodation nearby at the Birmingham Business Park RIS situated near the M42 Junction 6.
- 7.22 **Knowle** has a small amount of office accommodation along the High Street that predominantly comprises converted residential premises and suites above retail units.

### Market Conditions

- 7.23 We previously commented on the Borough's office market being one of the strongest markets in the West Midlands Region.
- 7.24 The vast majority of floorspace is situated in out of centre locations serving the wider West Midlands conurbation, particularly Birmingham. There is a good amount of published data on out of centre locations and Solihull Town Centre. However, there is limited data on the other main centres. Table 7.4 identifies the current rental values achieved in Birmingham and Coventry to put into context the office locations in Solihull Borough.

**Table 7.4 Rental Values in Surrounding Cities 2006 - 2011**

Location	£/sqm 2010	£/sqm 2009	£/sqm 2008	£/sqm 2007	£/sqm 2006	Change £/sqm 2006 – 2010
Birmingham	279.76	290.52	322.80	349.70	295.90	+1.5
Coventry	177.54	182.92	188.30	188.30	177.54	0
Solihull and Birmingham OOT	204.44	209.82	209.82	209.82	209.82	-0.5
Office PROMIS average	238.12	234.68	258.67	261.25	242.64	+0.42

Source: PROMIS

- 7.25 Birmingham has the highest rental values for all types of office suites in the West Midlands region. It is the regional capital and well recognised European City with a very well established and improving office market. Coventry is less well recognised as an office destination despite being a large city and achieves lower rental values than in Solihull borough. Solihull town centre and its business parks achieve reasonably high rents, as they are well established office locations; particularly the latter since the late 1980's following the completion of the first stage Birmingham Business Park.

### Solihull and Birmingham Out of Town

- 7.26 The PROMIS Solihull and Birmingham Out of Town (OOT) Office Report offers a view on the performance of the local market. It includes all space outside the Birmingham core area including Solihull Town Centre and as such, whilst including space outside the remit of this Update, it provides a useful overview of market activity.



- 7.27 PROMIS identifies a number of changes in the Solihull and Birmingham OOT employers which will have an effect on the office market. Whilst there has traditionally been a high representation of utility firms in Solihull and Birmingham OOT, this sector has seen significant contractions in recent years. British Gas made the decision to close their office at the Blythe Valley Business Park in 2006, and National Grid & Transco who remain major employers in Solihull town centre, downsized on a national scale during 2009.
- 7.28 The report identifies a 5% increase in demand for office space across the 6 largest Out of Town markets in 2010. In comparison, take up in Solihull & Birmingham OOT (the second largest centre in employment terms) fell by 46% in 2010 to 14,957 sq m. At this level, take up in Solihull & Birmingham OOT was 36% below the 5 year average of 23,225 sq m. The key driver of demand over this period was Business Services, accounting for a 34% share of total take up.
- 7.29 Compared to the other Big 6 OOT centres, take up in Solihull & Birmingham OOT over the past five years can be typified by having a sector mix in line with the market area, a low share of pre-lets and purpose builds, and a profile of demand by sizeband in line with the market area.
- 7.30 PROMIS notes that take up in the Solihull and Birmingham OOT market is generally driven by demand for units under 2,322 sq m. There were a number of significant deals in 2008 which were captured by our 2009 report:
- West Midlands Police purchase of the Forum Building at Birmingham Business Park 7,803 sq m which had been vacant since completion in 2004;
  - Infor Software taking 5,202 sq m of the former Centrica HQ at Blythe Valley Park; and
  - Npower taking 6,503 sq m on Prince's Way, Solihull Town Centre.
- 7.31 Combined with a number of deals in the smaller sizebands, annual take up in 2008 in Solihull and Birmingham OOT reached its highest level since 2003. Since this time, demand in the larger sizebands has fallen away significantly with no deals for over 2,322 sq m completing since 2008.
- 7.32 Take up in 2009 was boosted by a number of deals for around 1,858 sq m (including Solihull NHS Primary Care Trust taking 1,900 sq m at Friars Gate and Nokia Siemens Networks, BT Expedite and Team Relocation Services each taking between 1,486 sq m and 1,858 sq m at Birmingham Business Park), but in contrast, 2010 saw weak take up across all sizebands. Annual take up in 2010 in Solihull and Birmingham OOT fell to the lowest level since 1994.
- 7.33 PROMIS notes that the period 2009 to 2014 is likely to be characterised by weak economic performance, as the global crash and recovery work through. For Solihull & Birmingham OOT, over the period 2009 to 2014 as a whole, the total number of employees is likely to rise by 0.1% pa, weaker than the Office PROMIS average of 0.5% pa.

### Solihull Town Centre

- 7.34 FOCUS lists eighteen transactions registered in Solihull Town Centre between January 2010 and June 2011, achieving an average rent achieved of £170 per sq m. Unit sizes range from 31 sq m to 511 sq m. Table 7.5 shows office lettings in the last 18 months in Solihull town centre.

**Table 7.5 Office Lettings in Solihull**

Address	Date	Size (sq m)	Rent (£ per sq m)
Poplar Road	08/11/2010	31	£129.17
Poplar Road	25/11/2010	33	£129.17
631 Warwick Road	01/01/2009	39	n/a
1622-1628 High Street	24/02/2010	42	n/a
163-165 Warwick Road	13/01/2010	46	n/a
631 Warwick Road	01/01/2009	70	n/a
95-97 High Street	01/07/2009	77	n/a

6 The Square	01/01/2009	78	n/a
225 Warwick Road	24/06/2010	123	£97.84
737 Warwick Road	21/08/2009	141	£188.37
158 High Street	01/05/2009	147	£162.86
Blenheim Court	28/10/2010	186	£215.28
46-48 High Street	02/03/2009	203	n/a
48-66 High Street	17/03/2009	203	n/a
Blenheim Court	15/03/2011	223	£204.52
56 Warwick Road	05/12/2009	286	£118.4
681 Warwick Road	19/10/2009	304	£150.7
2 Princes Way	01/04/2009	511	£226.04

Source: FOCUS 2011

- 7.35 Our 2009 report listed seven transactions registered in the preceding 18 months for Solihull Town Centre (source: DTZ) which was considered modest due to the limited amount of available floorspace within the town centre, all in purpose-built offices. The average rents achieved were approximately £200 per sq m, and unit sizes ranged from 255 sq m and 2,763 sq m. Rental levels at this time were generally on a par with those for Solihull town centre.
- 7.36 Our 2009 report gave commentary on the office market 18 months prior to writing. This study update considers a similar period which gives a good comparison. It is clear that there has been a much greater level of activity in the office market in the last 18 months, but a reduction on the rental levels achieved.

### Solihull Regional Investment Sites (RIS) and other Business Parks

- 7.37 Table 7.6 shows office lettings in the last 18 months in Solihull's Business Parks, out of centre locations as defined by PPS4.
- 7.38 Transactions registered achieved an average rental value of £200 per sq m, and values achieved between £86.54 per sq m and £403.65 per sq m. Unit sizes range between 19 sq m and 1,116 sq m. Table 7.6 shows office lettings in the last 18 months in Solihull RIS and other Business Parks.

**Table 7.6 Office Lettings in Solihull RIS and other Business Parks**

Address	Date	Size (sq m)	Rent (£ per sq m)
The Pavilions, Cranmore Drive	18/02/2009	491	n/a
Shadow Brook Court, Shadow Brook Lane	31/03/2009	141	n/a
3 The Green, Stratford Road	12/04/2009	1,023	£199.13
Monkspath Hall Road	15/04/2009	238	n/a
Quartz Point Business Park, Stonebridge Road	01/05/2009	287	£199.13
Avon House, Stratford Road	01/05/2009	279	£193.75
Highlands Court, Cranmore Avenue	29/06/2009	411	n/a
Avon House, Stratford Road	30/06/2009	177	£193.75
Rhodium, Central Boulevard, Blythe Valley Park	07/08/2009	418	£215.28
The Pavilions, Cranmore Drive	18/08/2009	567	£107.64
Quartz Point Business Park, Stonebridge Road	31/08/2009	291	n/a
Nelson House, Central Boulevard, Blythe Valley Park	30/09/2009	1,374	n/a

Avon House, Stratford Road	30/09/2009	177	£193.75
Quartz Point Business Park, Stonebridge Road	21/12/2009	436	n/a
Vulcan House, Vulcan Road	10/02/2010	19	£183.74
One Cranmore Drive, Cranmore Drive	30/04/2010	805	£156.08
Radway Road	01/05/2010	69	£86.54
Rhodium, Central Boulevard, Blythe Valley Park	18/05/2010	579	n/a
Pmj House, Highlands Road	01/06/2010	7	£403.65
Radway Road	30/06/2010	69	n/a
Phoenix Building, Blythe Valley Park	09/07/2010	1,116	£201.83
Highlands Court, Cranmore Avenue	20/07/2010	997	n/a
The Pavillions, Cranmore Drive	30/07/2010	173	£182.99
The Pavillions, Cranmore Drive	30/07/2010	228	£182.99
Avon House, Stratford Road	30/07/2010	279	£193.75
Shadow Brook Court, Shadow Brook Lane	08/11/2010	139	n/a
PMJ House, Highlands Road	22/11/2010	23	£284.17
Cranmore Place, Cranmore Drive	01/12/2010	350	n/a
Cranmore Place, Cranmore Drive	01/12/2010	296	n/a
The Pavillions, Cranmore Drive	17/12/2010	793	£166.84
Pmj House, Highlands Road	01/03/2011	42	£283.85
Quartz Point Business Park, Stonebridge Road	01/03/2011	291	n/a
Shadow Brook Court Shadow Brook Lane,	25/03/2011	28	£204.52
Rhodium, Central Boulevard, Blythe Valley Park	30/03/2011	255	£209.9
Shadow Brook Court, Shadow Brook Lane	05/04/2011	121	£150.7
Tungsten, Central Boulevard, Blythe Valley Park	30/05/2011	2,168	n/a

Source: FOCUS 2011

- 7.39 These transactions compare to 30 transactions identified as being registered in the 18 months prior to our 2009 report, illustrating consistently strong demand for space between 2009 and 2011 and a strong market for premises on Solihull's established business parks. All of the deals have been done are in purpose-built offices or converted premises.
- 7.40 Our 2009 report illustrated the average rent in Solihull out RIS and other Business Parks as approximately £203 per sq m, similar to the average rental value achieved in the period since this Study, and a similar range in unit size (between 125 sq m and 5,203 sq m) illustrating a varied range of premises available.

- 7.41 Table 7.6 shows freehold and investment office sales for the past 18 months in Solihull Borough. There have been only 6 transactions over this period, the majority of these located in the established out of centre locations, predominantly Blythe Valley Park and at Birmingham Business Park. These 6 transactions compare to 12 registered in the 18 months prior to our 2009 report illustrating slower market activity and limited demand for freehold office property.
- 7.42 Our assessment in 2009 concluded that 12 transactions represented a reasonably large number of deals for the Borough, and a higher than expected level of demand. The change to 2011 represents a levelling of this demand, but some retained activity and interest in the property available.

**Table 7.7 Freehold/Investment Office Sales in Solihull Borough**

Address	Date	Size (sq m)	Sale Price £ million	Yield Achieved
Nelson House, Central Boulevard, Blythe Valley Park	30/09/2009	1,374	£3.9	7.88
Tungsten, Central Boulevard, Blythe Valley Park	30/05/2011	2,168	n/a	n/a
Highlands Court, Cranmore Avenue	29/06/2009	411	n/a	n/a
Royal House, Homer Road	30/04/2009	6,006	£13.84	9.5
Northampton House, 1-3 High Street	29/03/2010	650	£2.05	8.29
Westbury House, 701-705 Warwick Road	11/06/2009	877	£1.7	n/a

Source: FOCUS 2011

### Solihull Borough Office Availability

- 7.43 There is a significant level of available office space within Solihull Borough, across numerous locations and in varying types of space. FOCUS lists just over 74 different premises with available space within the borough being actively marketed. The availability evident is comparable to the 70 different available premises listed within our 2009 report illustrating only a slight increase.
- 7.44 It is evident that there is a significant amount of floorspace that is available in out of centre locations within the Borough and a comparatively small amount of available office floorspace in Solihull town centre, this is a similar situation to that found in our 2009 report.
- 7.45 A significant amount of the office floorspace available is in out of centre locations, including Business Parks at Solihull Business Park and Blythe Valley Business Park (M42 Junction 4) and Birmingham Business Park (M42 Junction 4). There is a comparatively small amount available within Solihull town centre.
- 7.46 FOCUS identifies 13,902 sq m as available within Solihull town centre, which is a much larger amount than the 2,472 sq m noted as being available within our 2009 report. This higher figure is largely attributed to a small number of large available premises, including those identified below:
- 2,323 sq m available at Mell House, Mell Square, Solihull
  - 2,268 sq m available at Norwich House, Poplar Road, Solihull
  - 2,365 sq m available at 51 Homer Road, Solihull
  - 1,558 sq m available at Consort House, Princes Gate, Homer Road, Solihull; and
  - 1,434 sq m available at Princes Way, Solihull.

- 7.47 Sizes of other available units in the town centre vary and rents asked range between £129.12 per sq m to £233.49 per sq m. This is similar to the findings of our 2009 report where available units varied in size from 300 sq m to approximately 7,000 sq m, asking rents of £161 per sq m to £242 per sq m with some small tertiary units above shops attracting rental values below this level.
- 7.48 There is a significant amount of available floorspace in the out of centre locations registered by FOCUS, including nearly 35,000 sq m available space in the Business Parks at the M42.
- 7.49 In terms of office premises availability, there remains a good mix of office space available within the borough, including new and second hand floorspace within the non central locations and to a lesser extent within Solihull town centre.
- 7.50 The recommendation of our 2009 report remains valid. The Solihull office market is fairly strong, and combined with Birmingham remains the strongest office location in the region. Take up rates illustrated strong demand for a range of office accommodation, although there is significant availability, particularly in the out of centre locations but also Solihull town centre.

### **Solihull Borough Office Supply**

- 7.51 Whilst the recent economic climate has significantly depressed new development coming forward, pipeline office space could significantly increase the supply of space within the borough. The need for any additional floorspace within the borough and town centres should account for the pipeline and potential schemes coming forward.
- 7.52 The Regional Centres Study<sup>7</sup> and the Office Locations Study<sup>8</sup>, as applicable at the time of our 2009 report, provide evidence on the level of pipeline office floorspace within the Borough. It provides details of past take up rates of office floorspace and estimates the amount required during the RSS plan period. This is based on the assumption that the percentage of floorspace provided within town centres increases over time.
- 7.53 The RSS Preferred Option (Policy PA13A) establishes that the council should plan for the construction of 50,000 sq m of new floorspace to be provided within Solihull town centre up to 2026, i.e. 2,500 sq m per annum.
- 7.54 The evidence base for the emerging RSS shows that in 2004 the supply of office space in Solihull based on extant permissions was 166,000 sq m with Solihull town centre only having 5,000 sq m supply. The Borough's total supply represents 16.4% of the total supply for the West Midlands region with Solihull placed second in the region behind Birmingham. Approximately 97% of the office supply in Solihull was in out of centre locations.
- 7.55 PROMIS identifies 575,998 sq m of office space in Solihull & Birmingham OOT's development pipeline, 399,483 sq m with planning permission, and 167,225 sq m preliminary. This is equated to 29 years of development based on the rate of the past five years.
- 7.56 Of the space planned in Solihull & Birmingham OOT, 16 schemes will deliver over 9,290 sq m and 9 between 46,451 sq m to 92,903 sq m. Across Birmingham as a whole, PROMIS notes that 63% of the space planned is within the town centre, and 37% in out of town locations including Solihull and the identified Business Parks.
- 7.57 In July 2007 there were 241,540 sq m of pipeline office development that was yet to be built in out of centre locations in the Borough comprising Blythe Valley Business Park, Birmingham Business Park, Solihull Business Park, Trinity Park, The Green and Aspire. A planning application to extend Birmingham Business Park had been considered at appeal and a large office scheme at the TRW site, Stratford Road, was expected to be submitted to the Council.
- 7.58 Since this time, the planning permission has been granted for an additional office development at Birmingham Business Park, and outline planning permission has also been granted for an office development of up to 6,503 sq m at the TRW site, Monkspath which would significantly increase the level of out of centre floorspace against the proportion within the town centre.

<sup>7</sup> Regional Centres Study Technical Paper 6 – Office Forecasts, Roger Tym & King Sturge, March 2006

<sup>8</sup> Office Locations Study for Advantage West Midlands, GVA Grimley, October 2007

7.59 Table 7.8 shows the planned schemes as recorded by PROMIS.

**Table 7.8 Planned Schemes**

Address	Scheme Developer	Status	Size sq m
1 Ph2, Blythe Valley Park, Stratford Road, Monkspath	BVP Devts	OPPG	55,500
3 Birmingham Business Park, Parkway, (remainder of Business Park)	Goodman	OPPG	33,138
4 Solihull Business Park, Highlands Rd, Monkspath (remainder of Business Park)	Wrenbridge/Wilson Bowden	OPPG	29,608
1 Plot F Buildings A & B, Blythe Valley Park, Stratford Rd, Monkspath (2 office buildings)	Doughty Hanson Real Estate/Liberty Trust/Solihull MBC	FPPG	13,758
1 Plots B1/B2, Blythe Valley Park, Stratford Rd, Monkspath (remainder of Business Park development)	Doughty Hanson Real Estate/Liberty Trust/Solihull MBC	OPPG	13,006
8 Ph2, Aspire (Fore), Stratford Rd, Monkspath	HBG Props	FPPG	10,219
1 Plot H, Blythe Valley Park, Stratford Rd, Monkspath	British Land/Solihull MBC	FPPG	8,361
Plot E2, Blythe Valley Park, Stratford Rd, Monkspath	British Land/Solihull MBC	FPPG	6,605
The Green (TRW Site), Dog Kennel Lane, Monkspath	Frontier Estates/Opus Land	OPPG	6,503
Homer House, 8 Homer Road, Solihull	M Richmond/A Sinett	OPPG	5,035
Blythe Valley Park, Stratford Rd, Monkspath	Doughty Hanson Real Estate/Liberty Prop Trust	OPPG	4,245
The Forum, Building 5540, Birmingham Business Park, Parkway	Goodman	FPPG	3,716
The Forum, Building 5530, Birmingham Business Park, Parkway	Arlington	FPPG	2,415
Phase 2, The Pavilions, Pentian Green, Cranmore Boulevard, Monkspath	Miller Devts	FPPG	2,090
<b>TOTAL</b>			<b>194,204</b>

Source: PROMIS (OPPG - Outline Planning Permission Granted/FPPG - Full Planning Permission Granted)

- 7.60 In total, there is approximately 194,204 sq m of office development in the pipeline. These developments would deliver additional space in the established out of centre locations (including additional space at the Birmingham Business Park and Blythe Valley Park), as well as Solihull Town Centre (8 Homer Rd as above) and new out of centre locations including the TRW site at Monkspath, Shirley.
- 7.61 Our 2009 report noted a very little pipeline of floorspace coming forward within Solihull town centre, despite the RSS recommended target. In total, approximately 7,500 sq m of pipeline and available office floorspace was identified within Solihull town centre, representing three years supply based on the emerging RSS requirements. Significantly, take up of office floorspace in Solihull town centre was higher the experiences over the prior two years (3,274 sq m per annum), which reduced the supply of floorspace to 2.3 years.
- 7.62 The pipeline data available from PROMIS identifies a single development of 5,035 sq m to be brought forward within Solihull town centre (Homer House, 8 Homer Road).

- 7.63 Competition from other centres, including the proximity of Birmingham City Centre and high quality and purpose built out of centre locations means that Solihull's town centre needs to offer high quality office floorspace to meet modern specifications and amenity requirements. Market evidence from transactions data (source: FOCUS) shows that new developments and refurbished office floorspace will let much easier than lower specification stock.

### **Shirley, Chelmsley Wood and Knowle Centres**

- 7.64 In addition to Shirley and Chelmsley Wood our 2009 report also considered Knowle local centre, as the village has a reasonable office market and Chelmsley Wood town centre has very little office floorspace.
- 7.65 There is no available data on office premises transactions in the three centres since our 2009 report. However, as considered in 2009, details of office availability in the three centres. There is only one available unit registered with Focus, 443 sq m at Highlands House on Highlands Road, Shirley (source: FOCUS). There is no data available for any premises listed in Knowle or Chelmsley Wood.
- 7.66 In our 2009 report, there were four premises listed as available in Shirley, four in Knowle and one in Chelmsley Wood, and an equivalent of 5,706 sq m available floorspace (including 2,415 sq m at Avon House, Shirley and 1,572 sq m at 100 Stratford Road, Shirley).
- 7.67 Given there are so few transactions, similar to our 2009 report it is difficult to draw accurate conclusions on market performance, however the activity reflects the small size of these office markets and the strength of Solihull as the primary location for office floorspace.

### **Shirley**

- 7.68 There is a modest amount of available floorspace within Shirley town centre comprising a range of accommodation sizes, all of which is second hand office stock with the exception of Avon House that comprises Grade A accommodation and will improve the qualitative offer in the town centre.
- 7.69 We are unaware of any permitted office schemes, or mixed use schemes comprising office accommodation, within Shirley town centre. Outline Planning Permission has been granted for office development at the TRW Site, The Green, Dog Kennel Lane, Monkspath located south east of the town centre which would deliver a significant new office development.
- 7.70 The Council adopted a Development Brief for the former Powergen Site and adjoining land at Stratford Road/Haslucks Green Road, Shirley in December 2005 which establishes office floorspace as one of the preferred uses for the site. This site has the potential to provide a significant level of new office accommodation for Shirley town centre that would improve its quantitative and qualitative offer.

### **Chelmsley Wood**

- 7.71 Chelmsley Wood is a purpose built shopping centre and contains very little office accommodation. The majority of office space is located above the existing retail units. An extension to the Shopping Centre has delivered an additional 2,797 sq m of new local authority office floorspace.

### **Knowle**

- 7.72 There is a small amount of office accommodation currently available within Knowle, which is predominantly situated on or close to the High Street and made up of entirely second hand accommodation. The size of accommodation does not vary greatly, namely because of the types of occupiers, the scale and function of the centre. Knowle is a sizeable local centre with good amount of office accommodation, but it is unlikely to require a significant increase in floorspace.

### **Conclusions**

- 7.73 Solihull Borough retains a strong office market, with the majority of floorspace within the Boroughs Premium Employment Sites (now RIS) and other out of centre business parks located along the M42 motorway corridor. Solihull town centre is the strongest 'in centre' office market within the borough. There has been little change in the dominance of these locations since our 2009 report.

- 7.74 The borough has a particularly strong finance, IT and other business activities presence, which is above the West Midlands and Great Britain averages and has increased since our 2009 report.
- 7.75 Demand for office property has levelled since our 2009 report, but there is retained activity and interest is evident in the property available.
- 7.76 There is a limited development pipeline, particularly new developments to be delivered within Solihull town centre. A number of opportunities are identified and supported in the Emerging Core Strategy (2010). Given the recent economic climate we would not expect evidence of significant new development, but the evidence of a number of schemes with planning permission is encouraging, provided these are delivered.
- 7.77 Solihull town centre retains the largest office market of any town centre in the borough. It has remained popular as a location for office occupiers, although there have been some large spaces vacated since our 2009 report. The town centre is constrained in its geography and there are very limited sites for new development. Despite this the Council are working to rejuvenate the central core, including improvements to Mell Square which will expand the office provision within the centre. The council should encourage office development within Solihull town centre through both mixed use developments and single use developments.
- 7.78 Due to the close proximity of the Borough's RIS and business parks to Chelmsley Wood, Shirley and Knowle centres, there is relatively little office accommodation in these centres with only Shirley providing a small amount of grade A floorspace.
- 7.79 Since our 2009 report, the RIS and business parks have continued to perform as the primary office/business locations within the borough. There are numerous vacancies and commitments outstanding in these locations and for this reason we consider that the existing committed floorspace will remain sufficient to accommodate the need for out of centre floorspace for the majority of the plan period. This position should be kept under review, particularly with the potential delivery of space on sites identified in the Emerging Core Strategy.
- 7.80 Similar to the conclusions in our 2009 report, given the role of the centres which will be strengthened through the Emerging Core Strategy, and the existing office locations evident within the borough, we do not consider any additional allocations for office development need to be made within Shirley, Chelmsley Wood or Knowle centres, but such uses should be encouraged in accordance with the sequential approach.



## 8 Potential Sites for Development

- 8.1 Having assessed the need for new retail, leisure and office development, our 2009 report reviewed the following potential development sites in Solihull town centre, Shirley town centre, and Knowle local centre which could accommodate the forecast needs. No sites were identified in Chelmsley Wood. This section updates (where necessary) the site reviews below:

### **Mell Square**

- 8.2 This is a key town centre site, which forms part of the existing retail core. Built in the 1960's it represents an area of the centre in need of environmental improvement and this is a policy aspiration within the adopted UDP. The site extends to approximately 5.1 hectares and comprises a mixture of town centre uses and represents a major short term redevelopment opportunity that could expand the amount of retail floorspace within the centre with potential office and residential uses above. The extended retail offer could comprise convenience or comparison floorspace as well as Class A3 and A4 uses and will complement that of the Touchwood Centre and provide the opportunity of extending the centre through accessibility improvements to the wider town centre.

### **Lode Lane**

- 8.3 The site extends to 2.1 hectares and is bounded by Lode Lane to the north, Station Road to the south and Poplar Road to the East. The properties along Station Road and Poplar Road comprise a mixture of town centre uses at ground floor level with office suites above. The land to the rear of these properties comprises Lode Lane Car Park and the telephone exchange. The site comprises a mixture of primary and secondary retail frontage with the Lode Lane boundary somewhat on the periphery of the town centre.
- 8.4 The site represents an opportunity for a more efficient redevelopment providing a wider mix of uses including residential and improving the environment of this gateway route into the town centre. Importantly, the properties along Poplar Road are situated within the town centre conservation area and we understand several are listed. Therefore, this part of the site is highly unlikely to be suitable for redevelopment. Because of this the site is slightly separated from the retail core (either side of High Street) and is more appropriate to a mixture of town centre uses.

### **Station Road**

- 8.5 The site extends to approximately 1.1 hectares and is bounded by Station Road to the north, Homer Road to the south and Herbert Road to the east. The site comprises a surface level car park, public house and numerous commercial properties, many of which are former residential properties. The site is on the periphery of the town centre retail core and given its surrounding uses would be most appropriate to accommodate a mixture of office and residential development.

### **Police Station, Magistrates Court and Library**

- 8.6 The site extends to 1.7 hectares and is situated to the rear of Touchwood Shopping Centre and fronting onto Homer Road. The site slopes quite significantly downwards towards Homer Road and comprises the police station, magistrates court and library. If the current occupiers are able to relocate the site would provide a good opportunity to extend the Touchwood Shopping Centre and provide additional office floorspace fronting onto Homer Road. This redevelopment opportunity and could enable the delivery of estimated additional floorspace during the plan period.

### **Council Offices Site**

- 8.7 The site extends to approximately 1.9 hectares and comprises the council office campus. The site has a slight drop in level towards Homer Road. The site also represents a medium to long term redevelopment opportunity subject to SMBC revising their accommodation needs. The site could deliver an extension to the retail core through Touchwood, as well as providing new accommodation for SMBC and potentially additional office accommodation and residential uses towards Church Hill Road.

### **Monkspath Car Park (Land at Solihull Station)**

- 8.8 The site extends to 4.9 hectares and comprises the surface level car park of Monks Path Hall Road. The site also benefits from a significant frontage along the existing Solihull to Dorridge railway line.
- 8.9 There may be a longer term opportunity for the site to accommodate a relocated train station, which would improve the accessibility of Solihull town centre. The site is located some way from the primary shopping frontage and does not perform as well sequentially as the other potential development sites. In addition to potential transport interchange and remodelled parking provision we consider that office and residential uses would be appropriate.
- 8.10 The potential relocation of the railway station would open up the existing railway station site, which extends to approximately 2 hectares and could potentially accommodate additional office floorspace and residential uses.

### **Wm. Morrisons Site**

- 8.11 The site extends to approximately 2.4 hectares and comprises the Morrisons foodstore and surface level car park and SMBC's multi-storey car park. The site forms the eastern gateway to the town centre fronting onto Warwick Road. The redevelopment of the site is likely to represent a long term redevelopment opportunity given the existing occupiers. The site is generally level and accessed directly from Warwick Road with servicing taken from George Road. A redevelopment of the site could potentially link this somewhat isolated site with Mell Square and the wider town centre retail core. A mix of mainly retail with commercial uses and residential would be appropriate.

### **Former Powergen Site - Shirley**

- 8.12 The site is the former headquarters of Powergen and is situated at the junction of Stratford Road and Haslucks Green Road. A development brief for the site was adopted by SMBC in 2005 and states that the redevelopment of the site should provide a mix of office floorspace, hotels, leisure, residential, community uses and associated car parking. We consider this to be an appropriate mix of uses.

### **St John's Road Car Park – Knowle**

- 8.13 The site extends to approximately 0.4 hectares and comprises a surface level car park and community building. Access to the site is via St John's Road, which bounds the site on all sides with the exception of the eastern boundary. The site is mainly level and contains a number of trees located throughout the site. The site is centrally located in the context of Knowle centre and although not on the High Street it is situated opposite the existing shopping centre. The provision of car parking to serve a small foodstore, as well as overcoming the loss of existing spaces within an appropriately

designed scheme could potentially cause difficulties. However, having reviewed the centre we cannot identify other sites that could potentially accommodate a new small foodstore.

### **Dorridge Shopping Centre**

- 8.14 The site benefits from planning permission for a Sainsbury's foodstore.

## 9 Summary of Principal Conclusions

- 9.1 This update of the retail capacity forecasts for the Borough of Solihull is intended to provide an up-to-date indication of future expenditure capacity to support new retail floorspace in Solihull, Shirley and Chelmsley Wood Town Centre, Knowle Local Centre and Non-central locations in the Borough. It takes account of forecast population growth, growth in per capita expenditure, and retail developments which have already been permitted.

### **Solihull Town Centre - Retail**

#### Convenience Goods

- 9.2 Sufficient expenditure capacity already exists for a substantial new town centre format supermarket, or extensions to existing main foodstores in the town centre, but not for a new food superstore. Capacity will increase from 2016; and if little or no additional out-of-centre convenience goods floorspace is permitted, would become sufficient to support a new food superstore in or on the edge of Solihull Town Centre from about 2021 onwards (after allowing for the proposed new Asda superstore in Shirley Town Centre). It would therefore be realistic to consider a substantial new foodstore as part of a major new town centre retail development. The most likely format would probably be a larger replacement for one of the existing town centre supermarkets, plus an additional town centre supermarket or an extension to the Morrisons store.

#### Comparison Goods

- 9.3 Our forecasts show that (even allowing for the proposed new John Lewis department store in Birmingham City Centre) there should be a growing and eventually substantial expenditure capacity for new comparison goods shop floorspace in Solihull Town Centre. This would be sufficient to support one or more substantial retail developments over the period from about 2018 to 2026. Capacity is forecast to be sufficient to support major redevelopment or remodelling of Mell Square, and/or extension of Touchwood, from about the date when such schemes would be likely to open. Such potential opportunities should therefore be identified and supported in the development plan, and actively promoted by the Council.

### **The Smaller Centres - Retail**

#### Convenience Goods

- 9.4 We have only been able to forecast limited capacity for additional convenience goods retail floorspace in the three smaller centres modelled in the district. In Shirley Town Centre, the proposed Parkgate development would account for almost all forecast capacity by the time it opens. Thereafter, there may be capacity for a small amount of additional convenience goods floorspace from about 2021 onwards, sufficient to support a modest town centre format supermarket, or an extension to an existing foodstore.
- 9.5 In Chelmsley Wood Town Centre, there is forecast capacity for a small amount of additional convenience goods retail floorspace. This should be sufficient to support a few specialist convenience goods shops from about 2016 onwards (subject to retailer demand and financial viability).
- 9.6 In Knowle Local Centre, there should be sufficient expenditure capacity to support the anticipated Waitrose supermarket by the time it would be likely to open. Thereafter, expenditure should grow sufficiently to support a few additional specialist convenience goods shops from about 2021 onwards (subject to retailer demand and financial viability).

#### Comparison Goods

- 9.7 There will be sufficient forecast expenditure capacity to support the proposed Parkgate development in Shirley Town Centre by the time it would be likely to open. Thereafter capacity should grow to support a modest scale of additional comparison goods floorspace from about 2016 onwards.

- 9.8 In Chelmsley Wood Town Centre, there should also be capacity to support a modest scale of additional comparison goods floorspace, from about 2016 onwards. In both centres, achieving such new development would depend on the availability of suitable sites, and on retailer demand and financial viability. If little or no additional out-of-centre retail warehouses or comparison goods floorspace in food/non-food superstores was permitted in the Borough, the expenditure capacity for additional comparison goods retail development in Shirley and Chelmsley Wood town centres would be significantly increased. If such developments could be achieved, they would be likely to increase significantly the attractiveness for shopping of these two small town centres.
- 9.9 In Knowle Local Centre, we have only been able to forecast fairly nominal capacity for additional comparison goods floorspace; which would be sufficient to support the comparison goods floorspace in the proposed Waitrose supermarket by the time it would be likely to open. Thereafter, capacity should theoretically grow sufficiently to support a few small additional comparison goods shops, by 2026. However, because of limited retailer demand and low shop rental values, it is rather unlikely that such development could be financially viable.

### **Non-Central Retail Warehouses and Superstores**

#### Convenience Goods

- 9.10 After allowing for the proposed new Asda superstore in the Parkgate scheme in Shirley Town Centre, there will be very little expenditure capacity to support any additional convenience goods floorspace forecast as Non-central by 2016. Thereafter capacity is forecast to grow sufficiently to support an additional supermarket, or extensions to existing foodstores from about 2021 onwards. However, in deciding the location of such new floorspace, the sequential approach should be applied, and town centre or edge-of-centre locations chosen in preference to further out-of-centre development, if at all possible.

#### Comparison Goods

- 9.11 In addition to capacity for new town centre comparison goods retail development in the Borough, our forecasts show that there should also be capacity for a significant amount of additional comparison goods floorspace forecast as Non-central. Under the sequential approach, any such capacity should actually be located in or on the edge of the town centres, in town centre format shops and stores, rather than in low density retail warehouses or in out-of-centre superstores, if suitable sites can be found in the former higher priority locations. Assuming that the Parkgate scheme is completed by 2016, capacity for up to about 6,500 sq m net additional retail warehouse floorspace is forecast by 2021, rising to about 15,450 sq m net by 2026. However, this scale of capacity would be significantly reduced if major town centre development occurs in Solihull Town Centre, as described above. Locating the capacity forecast as Non-central in the town centres rather than out-of-centre would give a significant boost to the prospects for achieving new town centre developments. This option should therefore be explored via the development plan process.
- 9.12 In any event, we recommend that any planning permissions for new retail warehouses are strictly conditioned to limit them to the sale of 'bulky' comparison goods only, such as furniture and floor-coverings, domestic appliances, DIY goods, decorators' supplies and garden products, and motor and cycle parts and accessories. This is to minimise the impact of such out-of-centre retail development on the town centres; and to maximise the prospects for successful town centre and/or edge-of-centre retail development of town centre format shops and stores. For the same reasons, the Council will need to resist any proposals to relax existing planning conditions limiting goods sold to 'bulky' comparison goods only, from the existing retail warehouses. The Council will also need to resist proposals for the extension of existing food superstores to sell more comparison goods. Such extensions make superstores more like 'one stop shops', which compete more strongly with the town and local centres.

## **Review of the Retail Capacity Forecasts, and Planning Policies for Future Retail Development**

- 9.13 The retail capacity forecasts set out in this report cover a long period to 2026. However, national economic conditions can sometimes be volatile, and retailing is a very dynamic industry. This means that our shorter term forecasts are likely to prove more reliable than our longer term forecasts. We therefore consider it essential that a full update of the retail capacity forecasts is prepared about a year or so after completion of the Parkgate development (assuming that goes ahead). This should be based on a new household interview survey of shopping patterns at that time, to measure the effects of the Shirley development, and any other new retail developments in the Borough and the surrounding area, which had taken place since our 2008 survey (on which these updated forecasts are based).
- 9.14 Policy EC5.5 of PPS4 states that sites should be identified and allocated in development plan documents *'to meet at least the first five years identified need'*. We therefore consider that it is important to provide in the emerging development plan, policy support for potential new (mixed use) retail developments in Solihull town centre for which significant capacity is forecast to arise in the next ten year up to 2021 and beyond. We do not consider it is necessary to identify additional sites in other centres within the Borough, as very little capacity is identified to support significant additional development within these centres until after 2021. This position should be kept under review.
- 9.15 If the Council wishes to include policies to support potential developments that are substantially greater than the capacity identified within this study we recommend that it should be made clear that planning permission will not be granted until expenditure capacity has demonstrably arisen to support them; and that this is not expected to be before about 2021, subject to full review before that date.

## **Office Development in Centres**

- 9.16 Solihull Borough retains a strong office market, with the majority of floorspace within the Boroughs Premium Employment Sites (now RIS) and other out of centre business parks located along the M42 motorway corridor.
- 9.17 Solihull town centre retains the largest office market of any town centre in the borough. It has remained popular as a location for office occupiers, although there have been some large spaces vacated since our 2009 report. The town centre is constrained in its geography and there are very limited sites for new development. Despite this the Council are working to rejuvenate the central core, including improvements to Mell Square which will expand the office provision within the centre. The council should encourage office development within Solihull town centre through both mixed use developments (see paragraph 9.14 above) and single use developments.
- 9.18 Similar to the conclusions in our 2009 report we do not consider any additional allocations for office development need to be made within Shirley, Chelmsley Wood or Knowle centres, but such uses should be encouraged in accordance with the sequential approach.

## **Commercial Leisure**

- 9.19 Overall the Borough remains reasonably well served for leisure facilities, particularly within Solihull's town centre. In general, the Council should support the principle of additional commercial leisure facilities within the Borough in accordance with the sequential approach and having regard to the regional/national role of the NEC.
- 9.20 There remains a relative lack of restaurant provision in Shirley and Chelmsley Wood and presence of these leisure uses alongside the existing retail uses would improve these centres. The Council should support in principle the change of use from retail to restaurants and bars to extend the activity within the centre and provide night time activity within the smaller town centres, but only where such uses would be appropriate and not have a negative impact on local amenity.

- 9.21 The Borough is well served with hotel and conference facilities associated with the business tourism sector. The proposed redevelopment of the NEC is likely to increase demand for hotel and conference facilities, but also increase provision as part of a site masterplan. As a key sector for the Borough there is likely to be demand for additional facilities over the plan period and these are likely to concentrate in the main town centres, which benefit from good links with the NEC, the airport and the Boroughs business parks.
- 9.22 The Council should support any such proposals when they arise, and welcome business tourism developments in principle in accordance with a sequential approach.

