Hastings Town Centre – Retail Floorspace Needs Assessment

Update (including estimates of additional employment and borough-wide needs for bulky goods floorspace)

August 2011

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Hastings Borough Council

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1. Introduction

1.1 This update is necessitated by current national economic problems.

1.2 The following have been reviewed:

a) Population projections – to take account of different house construction projections over the next 17 years. These new population projections are prepared by the County Council using a new population and housing model.

b) Expenditure growth rates – in the light of the current deep recession, in particular during the period from 2009 to 2014 (earlier projections had assumed the recession would end in 2012). Growth rates beyond 2014 have also been revised downwards following the advice of the British Council for Shopping Centres & Pitney Bowes/Map Info/Oxford Econometrics.

c) The need to advance Town Centre forecasts by a further 7 years to 2028 – to be consistent with the timescale for the Local Development Framework.

d) To assess changes in Town Centre floorspace between 2006 & 2009.

e) To assess the level of Town Centre commitments, as at 2009.

f) To assess the current level of vacant floorspace in the Town Centre.

g) To investigate the consequences of market share changes.

h) To re-assess needs for new retail warehouse (bulky goods) floorspace.

i) To re-assess the consequent change of employment in shopping premises.

1.3 This updated forecast starts from the Knight Frank 2006 base – using 2002 price levels. The use of a '2002 price level' is consistent with that used by Knight Frank. For this report the important principle is that 'same year' prices are used throughout the report. It makes no difference to floorspace forecasts that price levels are those for 2002 rather than for 2006 or 2007. The price levels used are not general price levels but are specific to retail goods.

2. The updated forecasts

2.1 Population

2.1.1 The updated population projections are guided by housing-based projections produced by East Sussex County Council. They rely on draft revisions of future house-building rates produced by Hastings Borough Council & Rother District Council.

2.1.2 The projection model now used is the POPGROUP model developed by the local Government Association in conjunction with the University of Manchester, Andelin Associates and Bradford City Council. There are 32 factors used in the POPGROUP projections (which also include related projections of workforce).

2.1.3 *[Trend-based forecasts (births, deaths, migration) should never be used in these assessments since they implicitly assume that housing supply will increase to accommodate the trend population – regardless of the (localism) views of elected representatives on housing supply. The POPGROUP model uses expected house-building as a restraint on the forecasts of future population].*

2.1.4 The 32 factors used by POPGROUP are shown in Appendix A.

2.1.5 The projected changes in population and households in Hastings & Rother reflect expected changes elsewhere in the country. Numbers of residents aged 60 & over are expected to increase by 33.0%. By comparison those aged 0-29 are expected to decline by 11.8% and those aged 30-59 will decline by 13.7%. Changes to the local workforce take a similar pattern.

2.1.6 In 2028 there will be 41.4% of the local population aged 60 or over (compare with 31.6% in 2011). Similarly in 2028 there will be 16.8% of the local workforce who are aged 60 and over (compared with 11.7% in 2011).

2.1.7 By 2028 about 45% of all households in Hastings and Rother are expected to be 'one adult' households. Conversely fewer than 50% of households would be married couple or co-habiting couple households.

2.1.8 These new projections translate into an average household size in 2028 of 1.93 – This is a fall from 2.07 persons per household in 2011 – a reflection of the big increase in 'one adult' households.

2.1.9 The catchment area adopted is:

a) Hastings Borough.

b) Rother District (excluding the parishes of Ticehurst, Burwash. Etchingham & Hurst Green).

c) Wealden District – parishes of Ninfield & Hooe only.

2.1.10 This catchment area is, therefore, a little smaller than that used by Knight Frank in 2006 – particularly excluding the villages of Pevensey & Pevensey Bay.

2.1.11 Knight Frank's catchment area used relatively coarse sub-post-code 'building blocks'. There are no POPGROUP projections at post-code level – but there are unpublished projections at smaller parish level. The aim has been to approximate the boundaries. The biggest anomaly has been the Pevensey & Pevensey Bay area (post-code BN24.6) – part of Knight Frank's 'rural-west' zone. The 2007 Eastbourne Household Survey (Eastbourne Borough Council – 2007) indicated that 100% of non-food shopping trips from Pevensey & Pevensey Bay went to Eastbourne – with none going to Hastings – hence its exclusion in this exercise.

2.1.12 Strictly speaking the town of Bexhill is currently firmly in the Eastbourne catchment area as a result of past competition with Hastings. It is an area where Hastings should aim to capture trade from Eastbourne. In the Little Common area, 6 times more comparison goods (non-food) shoppers go to Eastbourne than go to Hastings. Even in Pebsham twice as much comparison goods shopping trade goes to Eastbourne [results from household interview surveys]. Nevertheless Bexhill has been included as a potential source of Hastings Town Centre trade.

2.1.13 The results of this population/household re-assessment are:

Table 1 – Hastings Catchment Area – Population & Household forecasts 2006-2028

Year	Population	Households	Average Household Size
2006	168,715	80,114	2.11
2009	169,171	81,097	2.09
2011	169,475	81,756	2.07
2014	169,693	82,824	2.05
2016	169,660	83,584	2.03
2021	170,108	85,661	1.99
2026	171,111	87,843	1.95
2028	171,497	88,731	1.93
2011-2021 change	+663	+3,905	
2011-2028 change	+2,022	+6,975	

Note: The household figures are smaller than those for Hastings Borough + Rother District because the Hastings shopping catchment area excludes part of North West Rother District and includes a small part of Wealden District.

2.1.14 Note that the Table illustrates that, because of declining household size in THE EXISTING HOUSING STOCK, about 85% of the new housing will simply be offsetting the population decline within that existing housing stock (i.e. 85% of the new housing would keep the population constant – less than 85% and the population would have declined).

2.2 Expenditure Growth

2.2.1 Adopted base retail per capita spending rates from the Knight Frank study for 2006 (2002 prices) are:

Convenience Goods - £1,645 per person per annum
Comparison Goods - £3,333 per person per annum

2.2.2 These figures could be recast as 'per household' spending rates. This would make no difference to forecasts of floorspace need. Special forms of retailing (mail order, catalogue & internet sales) are excluded **[though see discussion in paragraph 2.2.6 below regarding downward revision of future comparison goods growth rate (for store-based trade) as a result of future internet growth].**

2.2.3 The following notes may be useful in relation to the growth of internet shopping:

- Paragraph 2.10 of the Knight Frank report calculated that in 2005, locally, on-line sales represented 4% of all retail sales. Government reports tied in with this view.

- Growth of internet shopping may be impressive in %age terms but this is from a very small base & much of the internet based growth is at the expense of strong declines in other areas of home shopping – such as traditional mail order/catalogue shopping & book clubs.

- Other elements of internet shopping growth have nil impact on land use since they take place in traditional shops (e.g. Tesco's home delivery service is based in existing stores with staff ('pickers') doing shopping previously done by customers). There has, however been some pressure to widen aisles to enable shopper trollies & pickers trollies to co-exist.

- Nationally, on-line shopping as a %age of all retail sales is expected to have increased from 4.3% in 2005 to 7.7% in 2010. On the food side the increase is expected to have been from 4.0% in 2005 to 11.0% in 2010. The market share of internet sales of comparison goods is expected to eventually grow to 12.4% and then level off. In consequence future growth of spending in 'traditional' shops is expected to be at a lower rate (see paragraph 2.2.6 below).

2.2.4 For 'most likely' forecasts in this note, per capita expenditure growth rates per annum incorporate an exceptional low rate of comparison goods growth (2.4% per person per annum) for the period 2009-2014, as recommended by Ernst & Young. This is to take account of the current exceptional national financial

problems. The actual volume of retail sales during 2009 confirmed the validity of this assumption. However Ernst & Young are suggesting a slightly lower rate for 2011 & 2012 – returning to almost 2.4% in 2013. In these forecasts the rates for 2011 & 2012 have not been reduced since, locally, there has been no deterioration in the town centre vacancy rate which would have accompanied a lower than 2.4%/p.p.p.a. growth.

2.2.5 Because spending growth on convenience goods is much lower than on comparison goods – there is little scope for new convenience goods floorspace in the Town Centre – particularly in the shadow of the new Silverhill Asda store.

2.2.6 After 2014 it is safe to assume a lower comparison goods per capita growth rate than that of 4.0% per person per annum which applied pre-recession. Because of the growth of internet & other 'non-store' trade and the likelihood of greater financial regulation – a lower rate of 3.6% p.p.p.a. has been assumed - as recommended by the British Council of Shopping Centres & Pitney Bowes. **Nevertheless this assumption should be kept under review as future economic conditions and policies emerge.**

2.2.7 DCLG, via national policy document PPS4, requires these forecasts to be reviewed at least every 5 years. This is particularly the case given the continuing dangers of a 'double dip' recession.

Table 2 – Adopted spending growth rates (per person per annum) – 'most likely' rates

Year	Convenience	Comparison
2006-2009	1.0% per annum	4.0% per annum
2009-2014	1.0% per annum	2.4% per annum
2014+	1.0% per annum	3.6% per annum

Note: These rates could be presented as 'per household' but this would not affect floorspace forecasts. These rates are 'most likely'. They exclude 'special forms of retailing' (see paragraph 2.2.2 & 2.2.3).

2.2.8 In order to test the sensitivity of forecasts, alternative rates of comparison goods growth have been used - a high of 5% per person per annum & a low of 3% per person per annum.

2.2.9 There are uncertainties about the rate of spending growth post-recession. It is clear that there will be a higher level of financial re-regulation and credit control – and that the excessive 6-7% per person per annum rates of comparison goods growth after the 1980's financial **de**-regulation – the so-called 'big bang' – will not be repeated. Consequently even a rate of 5% per person per annum is probably now on the margins of achievability.

2.2.10 Adopted 2006 Town Centre retail turnover figures (derived from the Knight Frank March 2006 Shopping Capacity Review) (2002 prices) are:

- Convenience Goods - £33,416,000

- Comparison Goods - £92,307,000

2.2.11 By 2014 this is now expected to have grown to – Convenience goods - £36,790,000, Comparison goods - £117, 612,000 [in 2011 prices this 2014 comparison goods turnover would be c. £140m].

2.2.12 Multipliers used are:

- Net convenience floorspace to gross convenience floorspace - 1.66
- Net comparison floorspace to gross comparison floorspace - 1.53
- Gross retail floorspace to gross shopping floorspace - 1.3

2.2.13 Multipliers are standard conversion rates derived from surveys:

- Net convenience to gross convenience – this means that, for every 1,000m^2 of convenience goods salesspace, back-up space of about 660m^2 is required for backroom storage, offices, staff facilities, staff catering, staff toilets etc. With the growth of 'just in time' deliveries, the amount of on-site storage is tending to decline. Thus the multiplier is also tending to decline. Some years ago it was as high as 1.8.

- Net comparison to gross comparison – surveys have shown that for comparison goods floorspace a lower amount of back-up space is required. This appears to be because turnover of individual lines is lower &, on average, item size tends to be smaller – and, of course, they do not require freezer rooms or chiller rooms with their associated machinery.

- Gross retail to gross shopping – this multiplier adds in an allowance for service trade shops (e.g. banks, restaurants, coffee bars, hairdressers, travel agents etc) which sell services rather than goods. They are an essential part of shopping in a town centre. Surveys indicate that their floorspace expands at a similar rate to retail shops. The multiplier varies considerably from town centre to town centre (e.g. for Rye TC it is 1.5 because of the comparatively high proportion of cafes etc. in Rye). The source of data is DCLG's State of the Cities database – for Hastings TC the DCLG figure is 1.27 – which has been rounded up to 1.3 in this exercise.

2.2.14 Retail Efficiency (productivity) changes:

- Convenience goods floorspace intensity – efficiency change - 0.15% per annum.
- Comparison goods floorspace intensity – efficiency change - 2.2% per annum.

2.2.15 PPS4 requires authorities to take account of increases in retail efficiency (productivity) when undertaking capacity studies. This recognises retailers' efforts to increase turnover on existing floorspace. The efficiency factor is applied to turnover estimates and effectively 'ring-fences' some growth for existing retailers. The factor for convenience goods retailers is much lower than for comparison goods retailers. This recognises that comparison goods retailers have much

further to go in adopting new methods of retailing, reducing margins etc. The comparison goods rate of 2.2% per ann. is from the recently revised advice of the British Council for Shopping Centres.

2.3 Town Centre floorspace change 2006-2009

2.3.1 The most comprehensive data source for Town Centre gross shopping floorspace change (i.e. A1/A2/A3 shops) is that produced for the DCLG 'State of the Cities' database reported in Table 4 below. Unfortunately available data for Hastings Town Centre currently only relates to 2000-2004. This data shows that, despite the opening of Priory Meadows 12 years ago, total gross shopping floorspace in the Town Centre declined by 2.5% between 2000 & 2004.

2.3.2 Borough Council completion statistics show only one small development of 23m^2 in the Primary Shopping Area since 2004 – with a further A1/A2/A3 development of 1,120m^2 in Havelock Road (Tesco + unlet unit at Priory Square) – which is outside the Primary Shopping Area (and is, in any event, included in the 'commitment' figure in paragraph 2.4.1 below).

2.3.3 Against the underlying decline, these two developments should have stabilised the level of Town Centre floorspace.

2.4 Town Centre commitments as at 2009

2.4.1 These form a **net** increase of 1,344m^2 (14,460sq.ft.) of gross shopping floorspace. These arise from 5 town centre schemes. There are four other commitments involving switches within shopping Use Classes.

2.4.2 These town centre commitment figures are supplied by the Borough Council. The gross increase is higher than 1,344m^2 but is off-set by a number of declines – i.e. planning applications for shifts of shopping floorspace to other uses – such as housing or offices.

2.5 Shop vacancies (April 2009 & March 2011)

2.5.1 The re-letting of the former Woolworth's store to SportsDirect improved the vacancy position by 2009.

2.5.2 In 2009 16.9% of all shop units were vacant (63 units). This is almost the same as the high level of vacancies (64) experienced in 1997 following the opening of Priory Meadows.

2.5.3 The vacancies tended to be small units, often in marginal locations. Consequently the proportion of vacant floorspace in 2009 was only about 6.3%.

2.5.4 A healthy rate of vacant floorspace (to allow the property market to function properly) is about 4-5% - proportions lower than this would result in unacceptable levels of rent inflation for shopkeepers.

2.5.5 Between 2009 & 2011 there has been a small decrease in the proportion of shop units which are vacant – now 15.5%. The proportion of vacant floorspace is now about 5.4%.

2.5.6 It would be appropriate, therefore, to 'ring fence' a small amount of floorspace potential (c. 40m^2) in order to reduce the vacancies to a 'healthy' level.

2.6 Market share changes for comparison goods expenditure

2.6.1 An additional sensitivity test involves increasing the town centre's comparison goods market share by 2%. This is of the same order as that achieved by the Priory Meadow development. The 2% increase would result from the additional attraction of a major future town centre shopping scheme. In fact the overall market share increase following Priory Meadow was about 3.8% - thus a '2%' increase assumption is quite modest.

2.6.2 Increasing the Town Centre market share does not imply extending its catchment area. There is plenty of potential within the existing catchment area for increases to Town Centre trade. The results of the Knight Frank Household Survey illustrate quite how badly the Town Centre currently performs. For example, only 41% of the clothing & shoe expenditure of catchment area residents is attracted to Hastings Town Centre. For books, toys & sports goods the figure is 40%; for small household goods 38%; for furniture & carpets 23%; for major electrical items 17%; and for DIY & garden goods a mere 9%.

2.6.3 It is also instructive to look at the respective 'draw' in sub-divisions of the catchment area – taking clothing and shoe expenditure as an example:

- Within Hastings Borough only 65% of clothing and shoe expenditure is attracted to Hastings Town Centre. No less than 13% is attracted all the way to Eastbourne. Catalogue & internet sales account for 5% of expenditure. The remainder is distributed amongst a large number of other centres/stores.

- Moving over to Bexhill, only 10% of Bexhill's clothing and shoe expenditure is currently attracted to Hastings Town Centre. This compares with 56% going to Eastbourne & 20% to Bexhill Town Centre – clearly a major challenge for Hastings with very strong competition from Eastbourne.

- There is a similar pattern for the rural west part of the catchment area (i.e. villages such as Ninfield) – 11% to Hastings TC v-a-v 52% to Eastbourne + 13% to Tunbridge Wells.

- In the rural north (Battle, Robertsbridge etc), whilst Hastings attracts 30% of expenditure, the dominant centre is Tunbridge Wells – attracting 34% of expenditure.

- In the rural east (Rye, Winchelsea, Broad Oak, Northiam) Hastings is the dominant centre with a 44% share – followed by 11% to Ashford, 9% to Tunbridge Wells & 5% to Eastbourne. Almost 10% goes to catalogue and on-line sales.

2.6.4 This confirms that an increase of 2% in Hastings TC market share is really quite modest.

2.6.5 The 'before' and 'after' study at Priory Meadow was carried out by the author.

3. The results

3.1 The revised town centre forecasts start from a base year of 2006. Results are shown in Table 3 below & illustrated in the diagram which follows it. The results are:

3.2 2006 to 2009

3.2.1 During this period new shopping floorspace growth had probably been minimal and vacancies had increased (biggest loss was the former Woolworth store). In consequence the capacity model indicates that the Town Centre could have experienced a small market share loss during this period of about 1.0%.

3.2.2 The capacity model is devised by the author. It deals separately with convenience and comparison goods. The input variables for each forecasting period are:

- population for initial and final year.
- initial expenditure per head.
- expenditure growth rate per annum.
- shopping centre turnover in initial year.
- commitments (m^2).
- floorspace intensity for new floorspace (£/m^2 – initial year).
- floorspace efficiency changes (% per annum).
- net retail to gross retail multipliers.
- gross retail to gross shopping multiplier.
- market share – initial & final year.
- price level (optional).

3.3 2009 to 2014

3.3.1 With reduced expenditure growth, the requirement for new Town Centre floorspace during this period is modest. These requirements can largely be met by schemes already having planning permission.

3.3.2 If an allowance is also made for re-tenanting some of the currently vacant shop units, there will be no need for additional floorspace over and above existing commitments. This would also enable the town centre to re-capture some of the 1.0% market share lost since 2006.

3.4 2014 to 2018

3.4.1 It is currently assumed by national economists that by 2014 the nation will have largely pulled out of recession [but remember paragraph 2.2.6 above concerning the need to review]. A comparison goods expenditure growth rate which is lower than pre-recession will have been established. On the 'most likely' forecast it is also assumed that the Town Centre will have re-achieved its 2006 market share by about 2016.

3.4.2 After 2016 the 'most likely' forecast assumes a 2% increase in this 2006 market share with a 3.6% per capita per annum comparison goods expenditure growth.

3.4.3 The basis for the alternative forecasts is discussed in Section 2. The alternatives are:

- The Low optimistic – Comparison goods expenditure growth of 4% per capita per annum – with a 2% increase in market share from 2016.
- High optimistic – as for 'low optimistic', but with comparison goods expenditure growth rate increased to 5% per capita per ann. from 2016.
- Low pessimistic – 3% per capita per ann. comparison goods expenditure growth from 2014 - no market share increase.
- High pessimistic – 3.6% per capita per ann. comparison goods expenditure growth from 2014. No market share increase.

Table 3 – Floorspace Forecasts

Year	Net Retail (m^2)	Gross Retail (m^2)	Gross Shopping (m^2)
2006-2009	minimal completions = small drop in market share		
2009-2014	commitments – if all implemented – will recover some market share		
'Most Likely' Forecast	3.6% per annum per person comparison expenditure growth + 2% market share increase from 2016		
2014-2016	776	1,195	**1,554**
2016-2021	5,629	8,634	**11,227**

Year	Net Retail (m^2)	Gross Retail (m^2)	Gross Shopping (m^2)
2021-2028	3,786	5,830	**7,570**
Total 2014-2021	**6,405**	**9,829**	**12,781**
Total 2014-2026	**10,191**	**15,659**	**20,360**
Low Optimistic	as for 'most likely' but with 4% per capita per annum comparison expenditure growth from 2016		
2014-2016	776	1,195	**1,554**
2016-2021	6,273	9,621	**12,508**
2021-2028	4,851	7,459	**9,696**
Total 2014-2021	**7,049**	**10,816**	**14,062**
Total 2014-2026	**11,900**	**18,275**	**23,758**
High Optimistic	as for Low Optimistic but with 5% per capita per annum comparison expenditure growth from 2016		
2014-2016	776	1,195	**1,554**
2016-2021	7,923	12,151	**15,796**
2021-2028	7,864	12,077	**15,700**
Total 2014-2021	**8,699**	**13,346**	**17,350**
Total 2014-2026	**16,563**	**25,423**	**33,050**
Low Pessimistic	as for 'most likely' but with 3% per capita per annum comparison expenditure growth from 2014 – no market share increase		
2014-2016	467	723	**939**
2016-2021	1,301	2,013	**2,617**
2021-2028	2,064	3,195	**4,153**
Total 2014-2021	**1,768**	**2,736**	**3,556**
Total 2014-2026	**3,832**	**5,931**	**7,709**
High Pessimistic	as for Low Pessimistic but with 3.6% per capita per annum comparison expenditure growth		
2014-2016	467	723	**939**
2016-2021	2,113	3,256	**4,233**

Year	Net Retail (m^2)	Gross Retail (m^2)	Gross Shopping (m^2)
2021-2028	3,371	5,194	**6,752**
Total 2014-2021	**2,580**	**3,979**	**5,172**
Total 2014-2026	**5,951**	**9,173**	**11,924**

Note: Net retail = salesspace,
Gross retail = salespace + storage + ancillary
Gross shopping = gross retail + service trade shops

3.4.4 In summary, therefore, the gross shopping floorspace needs for the period 2016-2028 are:

- MOST LIKELY - 20,360m^2

- Low Optimistic - 23,758m^2
- High Optimistic - 33,050m^2

- Low Pessimistic - 7,709m^2
- High Pessimistic - 11,924m^2

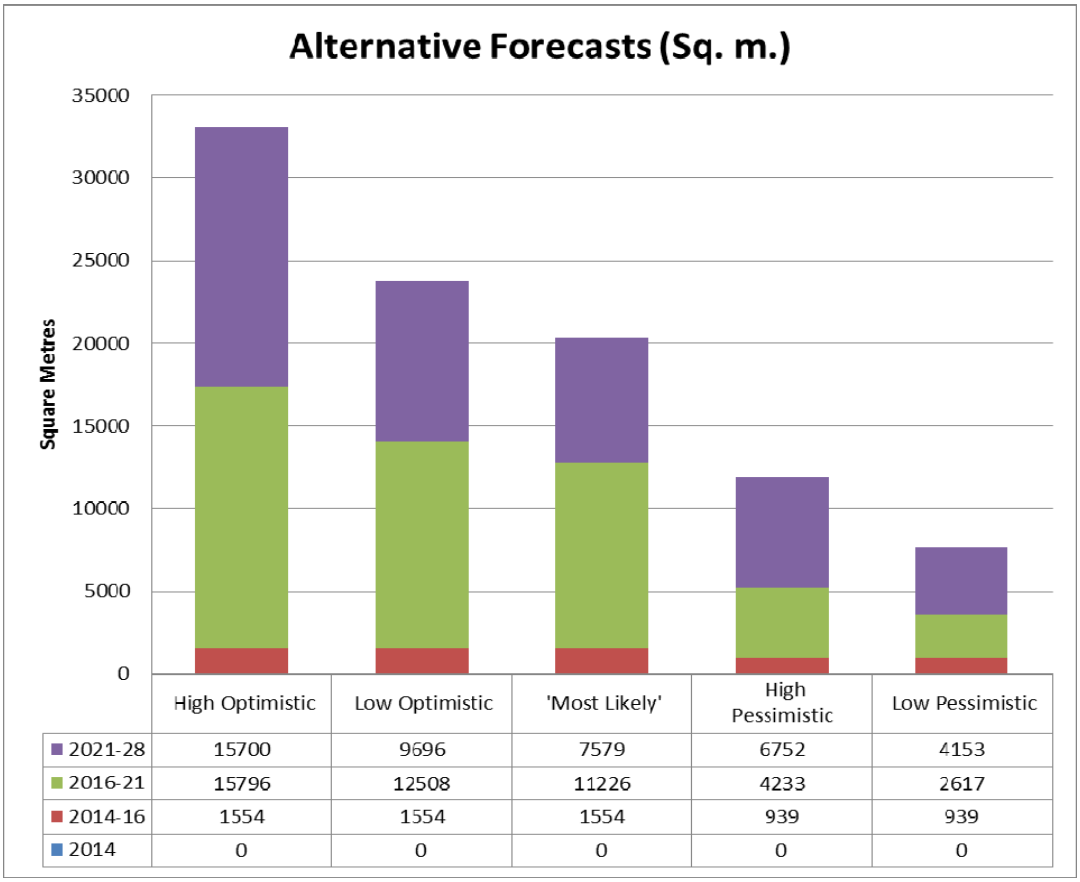
3.4.5 The 2028 'MOST LIKELY' requirement of 20,360m^2 consists of:

Table 4 – 'Most Likely' requirement

	Sq. Metres (m^2)	Sq. Feet
Convenience Goods (gross)	866	9,318
Comparison Goods (gross)	14,793	159,173
GROSS RETAIL	**15,659**	**168,491**
+ Service Trade Shops (gross)	4,701	50,583
= GROSS SHOPPING	**20,360**	**219,073**

3.4.6 A new development of 20,360m^2 would largely be occupied by retail tenants (15,659m^2 of 'new' development + 4,701m^2 of existing but re-located retailers moving into more appropriate accommodation in the new development). The need for new service trade shops would mostly be satisfied by 'back-filling' these existing retail stores whose current retail tenants have re-located to the new development. A development of 20,360m^2 would be slightly smaller than the existing Priory Meadow development.

3.4.7 Alternative forecasts graph



	High Optimistic	Low Optimistic	'Most Likely'	High Pessimistic	Low Pessimistic
2021-28	15700	9696	7579	6752	4153
2016-21	15796	12508	11226	4233	2617
2014-16	1554	1554	1554	939	939
2014	0	0	0	0	0

4 Conclusions & Interpretation for Town Centre

4.1 The revised 'Most Likely' forecast for Hastings Town Centre between 2014- 2021 reduces interpolated need to 12,780m^2 gross [12,780 = 1,554 + 11,226 from diagram above].

4.2 In the additional 7 years to 2028 this need increases to 20,360 m^2 gross. (This would increase Town Centre floorspace by about 20%).

4.3 The 'low optimistic' forecast would bring the 'Most Likely' forecast needs forward by about 2 years to about 14,062m^2 gross in 2021. This would increase to about 23,758m^2 gross by 2028.

4.4 The 'high optimistic' forecast adds in an increase in comparison expenditure growth to 5%. This would result in a need for about 33,050m^2 by 2028. These levels of growth have been more than achieved, nationally, in the past – in the period of financial de-regulation – the so-called 'big bang'. However, in the future, it seems reasonable to expect higher levels of financial re-regulation and credit control. Consequently it is probable that growth of this magnitude is near the upper level of achievability.

4.5 The most pessimistic forecast, the 'low pessimistic', assumes a sluggish recovery from the recession. With comparison expenditure growth of only 3% per annum, 2028 need would be almost 8,000m^2

4.6 This 'low pessimistic' forecast could have serious consequences for the Town Centre if the economic 'out-turn' was more bullish – i.e. if town centre plans were based on 3% p.a. growth AND the rate of growth actually emerged at 4-5% p.a. this would imply a significant loss of the town centre's, already poor, market share. The 'slack' would undoubtedly be taken up by the town's competitors – for example, it is known that Eastbourne has ambitions to increase its 'draw' from Bexhill. This forecast would increase Town Centre floorspace by 7-8%.

4.7 The 'high pessimistic' forecast, with the increased market share, shows a 2028 need of 11,924m^2

4.8 **My recommendation would be to aim for a 2028 need of about 20,500m^2 +/- 5,000m^2** (the +/- range reflects forecasting uncertainties). The 'lead time' for a development of this size is about 10 years.

5 Future need for retail warehouse (bulky goods) floorspace

5.1 Knight Frank assessed the need for new retail warehouse (bulky goods) floorspace in their March 2006 report. This covered the period up to 2021.

5.2 The current re-assessment has used a different methodology. Rather than looking at 'Hastings generated growth' we now look at growth generated from all catchment area residents. (This approach recognizes that retail warehouses in Hastings will also draw trade from rural areas – in particular from north and east of the Borough). These needs will largely be met by developments in the two largest urban areas – Hastings and Bexhill. It is assumed that future catchment area needs will be satisfied in the two towns in the ratio 67%/33% - reflecting the approximate ratio of existing urban populations.

5.3 The bulky goods sector is a 'subset' of the comparison goods sector and includes electrical goods, furniture, carpets and DIY. These 'bulky goods' do not have to be sold in conventional retail park locations. Indeed, Knight Frank calculated that the Town Centres and local centres in the catchment area accounted for more than half of the spending in 'bulky goods' categories.

5.4 In 2006 Knight Frank calculated that about £63m/ann was spent in retail warehouses in the catchment area.

5.5 This figure of £63m requires amendment. The ex-MFI unit at Bo-peep had stood vacant for many months – it has now been occupied by TK-Maxx who is not a bulky goods retailer. There have also been a number of changes on the Ravenside Retail Park. The former 'Iceland' food store is now occupied as a 'Next' clothing store (not, of course, a bulky goods retailer). 'Kitchen Studio', 'Rosebys' & 'Bensons' have left, whilst 'Pets at Home' have opened a new store [Bensons have moved to the MFI block at Bo-peep]. 'Boots' is not a bulky goods

retailer. Also a former bulky goods retail warehouse at Sidley has been replaced by a Lidl food store. In consequence overall trading bulky goods space has declined by about 22% suggesting a revised existing turnover of about £49m. (2002 prices of course).

5.6 This re-assessment uses the Knight Frank 2006 figures as a base and, post-2006, substitutes revised variables in particular for population & reduced spending growth (see Section 2.0) and changes in tenancy (see paragraph 5.6 above) The net salesspace to gross floorspace ratio is assumed to be 1.11 (Knight Frank used a ratio of 1.05).

5.7 The Wickes store at Bexhill covered about 1,700m^2 though it now has an added small mezzanine floor.

5.8 The results of the analysis are :-

a) 2006-2014 – need for 1,565m^2 gross – this has been more than satisfied by the construction of the Wickes store at Ravenside Retail Park.

b) 2014-2021 (Hastings only) – a need for 1,274m^2 gross of new floorspace.

c) 2021-2028 (Hastings only) – a need for 1,496m^2 gross of new floorspace.

5.9 These results represent a significant downward revision of the Knight Frank forecasts. Knight Frank identified unsatisfied need in Hastings for new floorspace to the extent of 7,898m^2 - between 2006 & 2021. The revised forecast downgrades this to about 2,839m^2 (2006-2021).

5.10 Extending the forecasts 7 years to 2028 adds additional needs for 1,496m^2 of new gross floorspace.

6 Employment consequences

6.1 Knight Frank considered the employment consequences of new retail provision in their March 2006 report. This included commitments in the whole Borough + floorspace identified in their capacity analysis (up to 2021). Their conclusion was that about 1,316 new jobs were to be expected in the Borough from 2006-2021.

6.2 Their analysis raises the following issues:

- The analysis extended only to 2021 – and should now be extended to 2028.
- It included only retail shops/warehouses – service trade shops should now be added in.
- It did not consider possible changes to employment densities within the existing stock of shops or in new development.

- The analysis included major commitments (superstores/retail warehouses) outside the Town Centre – clearly this should now be updated.

6.3 A basic source of employment density data for Hastings Town Centre is the DCLG 'State of the Cities' database which gives annual figures for gross shopping floorspace and shopping employment. (Figures are also available for St Leonards Town Centre & Hastings Old Town – not always complete because of confidentiality). It should be noted that DCLG's definition of Hastings Town Centre is by computer driven algorithm & does not replicate exactly the Local Plan definition.

6.4 The Town Centre data used is for years 2000-2004 as follows:

Table 5 – Hastings Town Centre (State of the Cities database)

	2000	**2001**	**2002**	**2003**	**2004**	**(2006)**	**(2012)**
Gross shopping floorspace (m^2)	112,600	111,600	113,200	112,200	109,800		
Employees	2,410	2,440	2,670	2,600	2,700		
m^2 per employee	**46.72**	**45.73**	**42.40**	**43.15**	**40.67**		
						Projection	
(linear regression values – straight line equation)	(46.82)	(45.28)	(43.73)	(42.19)	(40.65)	(37.57)	(28.31)

6.5 As indicated above, the general trend of 'sq.m per employee' in existing premises is downward – i.e. more employees per 1,000m^2 of floorspace. This follows on from the 'efficiency change' assumptions referred to in paragraphs 2.2.14 & 2.2.15 above – more trade per m^2 = more employees per m^2 A linear regression analysis (bottom line of Table 4) using the above data indicates that this degree of increasing job intensity is unlikely to continue through the forecasting period.

6.6 There are insufficient values to establish a reliable linear regression (i.e. straight line) equation for forecasting - the 2016 value would have been 22.15, 2021 would have been 14.44 & 2026 would have been 6.73 – these figures, in the medium to long term, are not credible – hence the need for more sensible 'moderated densities'. [There are certainly far too few data pairs to attempt a multiple regression (i.e. curved line) equation].

6.7 The following moderated densities are suggested – they should be applied to both existing and future floorspace.

- 2006 - 40.0m^2 per employee
- 2011 - 38.0m^2 per employee

- 2016 - 36.0m^2 per employee
- 2021 - 34.0m^2 per employee
- 2026 - 32.0m^2 per employee

6.8 Knight Frank actually used a rate of 1 job per 35m^2 for comparison floorspace + 1 job for 60m^2 for bulky goods (+ 1 job for 20m^2 for the small amount of convenience goods floorspace). These Knight Frank figures, therefore, seem reasonable. Table 5 below applies the moderated densities to the existing & revised new floorspace figures.

6.9 In addition figures are added to Table 5 for bulky goods retail warehouses, existing town centre commitments (1,344m^2 from paragraph 2.4.1 above) & the Silverhill Asda store recently granted consent (Asda's estimate):

Table 6 – Estimated employment increases for shopping floorspace in Hastings, 2014-2028

Year	m^2/job	Existing floor-space 109,800 m^2 (No. of jobs)	New floor-space (from capacity study- most likely)		New Retail warehouse 'bulky gds' floorspace	TC commit-ments (para. 2.41)	Silverhill Asda	Total
2006	40	2,745						
2011	38	2,889						
(2014)	(36.8)	(2985)						
2016	36	3,050						
2021	34	3,229						
2028	31	3,542						
		growth	**F/S**	**jobs**				
2006-11		144						
2011-16		161						
(2014-16)		(65)	1,554	43	8	37	(350)	**503**
2016-21		179	11,226	330	16			**525**
2021-28		313	7,579	244	25			**582**
2014-21		**244**		**373**	**24**	**37**	**350**	**1,028**
2014-28		**557**		**617**	**49**	**37**	**350**	**1,610**

Note: This table excludes any employment changes in smaller district, local and neighbourhood centres.

6.10 Thus the revised estimate of new 'shopping' jobs between 2014 & 2021 is 1,028 (c.f. Knight Frank 'retail only' estimate, 2014-21, of 921). For 2014 to 2028 the 'shopping jobs' estimate is for 1,610. [The Asda store actually opened in 2011]

Appendix A

Factors used in POPGROUP projections

Base Population – Single year of age and gender – from 2001 Census (Office for National Statistics).

National Age Specific Fertility Rates (ASFR) & Total Fertility rates (TFR) – ASFR's for England single year of age 15-49 (women) – TFR's for England 2009-10 – from Edge Analytics Ltd

National Boys/Girls ratio – Number of boys per 1,000 girls – England standard ratio in 2009-10 – from Edge Analytics Ltd.

Births to Parents in different Districts – Proportion of births to one group's mothers allocated to each group – the default is that **all** births to mothers of a district are added to that same district – from Edge Analytics Ltd

National Fertility Age Differentials – 2008-based England Age (5-year) Differentials from 2008 to the end of the projection period – from Edge Analytics Ltd

Local Births by District – mid-year births by gender 2001-2009

Local Fertility Differentials – Fertility differential ratio (district/national) for 2010 – Office for National Statistics – TFR average 2005-2009 – Trend 2011-2033

District level Total Fertility Rates – 2001-2009 – (Office for National Statistics)

National Age Specific Mortality Rates – 2008 based rates for England in 2009-2010 by gender – from Edge Analytics Ltd.

National Infant Mortality – 2008 based rates for England – for New-born for 2009-2010 by gender – from Edge Analytics Ltd.

National Mortality Age Differentials – 2008 based rates for England – Gender/Age (5-year) differentials from 2008 to the end of the projection period – from Edge Analytics Ltd

District level deaths – Midyear deaths by 5-year age group and gender for 2003-2009 and totals for 2001-2002

District level Mortality Differentials – for 2010 – SMR average 2005-2009 - trend 2011-2033

District level Standardised Mortality Rates – for 2001-2009 (Office for National Statistics)

National Age Specific Migration Rates (Internal) – England – by single year of age and gender – 2001 Census – from Edge Analytics Ltd

District level IN/OUT Age Specific Migration Rates – by single year age and gender – average 2005-2009 (Office for National Statistics/ESCC)

District level IN/OUT Internal Migrants – Estimates –within UK by 5-year age group and gender – estimated from 2001 to 2008

District level IN/OUT Internal Migrants – Projections – within UK – Gender & Age Profile – projected from 2009 to the end of the projection period

National Age Specific Migration Rates (International) – England – by single year of age and gender – 2001 Census – from Edge Analytics Ltd

District level IN/OUT International Migrants – Estimates – estimated from 2001-2008 (Office for National Statistics

District level IN/OUT International Migrants – Projections – projected from 2009 to the end of the projection period

District level Population Adjustments – Projections – Population living in Communal Establishments by gender and age group from 2001 to the end of projection period – from Edge Analytics Ltd

District level Headship Rates – Projections – by gender, age group and household type – from 2001 to the end of projection period

District level Population – Forecasts - by gender and 5-year age groups – from 2001 to the end of the projection period.- Edge Analytics Ltd

UK Economic Activity Rates – Projections – 2006-based UK Labour Force Projections by gender and 5-year age groups (16-74) from 2001 to 2020 (Office for National Statistics)

District level Economic Activity Rates – 2001 Census rates by gender and 5-year age group (16-74) – (Office for National Statistics)

District level Population Constraints – MYE population by gender and 5-year age group from 2002-2007 – by single year of age for 2008

District level Housing Completions – Total number of supply units : additional dwellings completed each year from 2008-09 to 2010-11

District level Housing Constraints – Change in total number of supply units : additional dwellings planned each year from 2011-12 to 2027-28

District level Dwelling Vacancy Rate – percentage of vacant dwellings – from 2001 Census

District level Dwelling holiday/second homes rate – percentage of holiday/second homes – from 2001 Census

District level Household Sharing Rate – sharing households as a proportion of all households – from 2001 Census

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