

Walsall Town Centre Retail and Office Floorspace Figures

Background Note

October 2017

1. This paper provides an overview of the key trends, evidence and findings that have resulted in the retail and office floorspace figures used in Walsall Town Centre Area Action Plan (AAP) being varied from the targets set out in the Black Country Core Strategy (BCCS). The paper has been produced in collaboration with Cushman & Wakefield.
2. The main source of evidence underlying the revised floorspace targets is the DTZ (now known as Cushman & Wakefield) Demand Study (Core Document AED.1). This study was supported by extensive sources of information – property market databases; Council intelligence; DTZ in-house Agency teams; local agents; and key town centre stakeholders (via focused engagement with landowners, developers, shopping centre owners, retailers, community and other public sector organisations). The study reviewed each sector within the town centre including retail and leisure, offices, residential and industrial.
3. For each sector DTZ undertook in-depth property market reviews, setting out:
 - national trends;
 - the local context (looking at the spatial distribution/ type/ quality of existing provision, in addition to the local outlook/ pipeline developments); and
 - assessment of future needs over the plan period to 2026 i.e. the broad scale and nature of demand.
4. Specifically for retail and offices, DTZ assessed the floorspace targets – refreshing those identified in the BCCS.

Retail

5. The target in the 2011 BCCS for additional comparison retail floorspace for Walsall Town Centre is 85,000sqm gross 2006–2026. No target was set in the BCCS for convenience retail development in Walsall. The figure for comparison floorspace was reliant on the assumption that all of the consumer expenditure growth across the Black Country could be drawn to the Strategic Centres (Walsall as well as Brierley Hill, West Bromwich and Wolverhampton) so that such growth and all new investment in comparison retail floorspace would be directed into the Strategic Centres and not lost to other centres or edge/out-of-centre locations. Besides being aspirational and ambitious, the BCCS figures were based on the evidence produced by GVA Grimley in 2009. This was also in the context of the West Midlands Regional Spatial Strategy (RSS) Phase Two which was not

adopted following the revocation of RSS. The figures were before commitments and some of these commitments have since been completed, as in the example of Tesco which accounts for 4,133sqm gross comparison floorspace.

6. The retail figures in the BCCS were connected to the ambition office targets that looked to deliver 220,000sqm of additional office space in Walsall strategic centre and the overall economic transformation that the BCCS aspired to. If such office growth was to be delivered then it would have resulted in a significant amount of additional spending within the centre.
7. Given the amount of time that has passed and the degree and variety of changes in the retail market since 2009, the opportunity was taken through the AAP to test the BCCS figures to make sure they provided a robust basis for planning for the future of the town centre¹. DTZ were therefore commissioned as part of the AAP to review the BCCS figures as well as to assess the deliverability of the amounts of development proposed.
8. The methodology used by DTZ can be summarised into a few key stages.
 - i. Review of the 2009 household interview survey of shopping patterns commissioned for the Black Country Core Strategy and the identification of changes in retail provision across Walsall's catchment area since the 2009 survey (e.g. new developments, retailer closures). This resulted in some adjustments to the survey-derived market shares to represent reality more accurately.
 - ii. Review of the up-to-date population and retail expenditure data for Walsall's catchment area.
 - iii. Review the impact of up-to-date estimates of Special Forms of Trading (e.g. internet shopping).
 - iv. Review of shop floorspace data and existing committed retail developments.
 - v. Modelling of expenditure-based capacity in Walsall Town Centre, out-of-centre stores in Walsall and the Gallagher Retail Park on the boundary with Sandwell. The primary purpose of modelling out-of-centre stores (including Gallagher Retail Park) was to explore their influence on catchment area shopping patterns and the potential to transfer expenditure growth to Walsall TC in accordance with the sequential approach and the Town Centre's Strategic Centre status in the BCCS.

¹ Wolverhampton City Council was in a similar position regarding its AAP and the decision to commission a review of the BCCS figures – in respect of both comparison retailing and offices - was taken in the light of discussions between officers from the two authorities. See also pages 7&10 of this note.

9. The conclusion of this work was a new target figure for comparison retail of delivering 6,000 sqm gross additional floorspace by 2026 along with 1,500sqm gross convenience retail. The table below sets the new figures out against the BCCS target.

Figure 1: BCCS Retail Figures Compared to AAP Retail Figures

BCCS Targets	2006-2021		2021-26	Total 2006-2026
Comparison Goods Sq. m (gross)	60,000		25,000	85,000
AAP Targets	2014/16	2016/21	2021-2026	Total 2014-2026
Comparison Goods Sq. m (gross)	-11,250	-1,600	6,000	6,000
Convenience Goods Sq. m (gross)	-1,250	250	1,500	1,500

Notes for BCCS Targets:

[A] Forecast capacity is before commitments.

[B] BCCS did not forecast capacity for convenience goods floorspace.

Notes for AAP Targets:

[C] Base date for forecast is 2014

[D] Forecast capacity is after allowing for existing commitments.

[D] Combined forecast capacity for comparison goods includes Walsall Town Centre, Out-of-centre stores in Walsall and Gallagher Retail Park.

[E] Combined forecast capacity for convenience goods includes Walsall Town Centre and Out-of-centre stores in Walsall.

[f] The negative figures indicate a theoretical over-supply of floorspace.

10. These revised floorspace figures are symptomatic of a change in the economic climate and also structural changes in the retail market since the BCCS was prepared for adoption in 2011. In particular the following trends have impacted on Walsall.

- The Town Centre faces significant competition from other centres. Although many of these have struggled in a similar way to Walsall, some centres have significantly strengthened their retail offer over recent years as with the notable example of Birmingham.
- There is still a trend for out-of-centre retailing and, whilst the market for new schemes might have declined, Walsall's retail parks still draw significant expenditure away from the Town Centre.
- The town centre's catchment area suffers from high levels of deprivation (as set out in the SA, Core Document SA1 page 138) which means there is limited spending power and expenditure growth to support the centre.
- The increased importance of leisure uses has resulted in less demand for A1 retail space.
- The continued growth of internet shopping, as well as other channels such as mobile and tablet, is likely to impact on footfall and squeeze retailers' profitability.
- The effect of polarisation and downsizing of national multiple retailers which has a large impact on Walsall as retailers choose to locate in larger, stronger centres.
- Relocations to Crown Wharf Shopping Park have been affecting retailer representation in the Town Centre 'core'.

11. The impact of these factors on Walsall Town Centre is that the vitality and viability of the centre is vulnerable, as clearly shown through the following.

- The centre has moved down in the [Venuescore] retail rankings since 2010 (from 114th to 126th) reflecting the relative improvement of similarly-ranked centres in the UK and/or a lack of significant investment in Walsall Town Centre.
- Increased vacancy rates (at 27% more than double the West Midlands average).
- A value-driven offer in the centre.
- The relative attractiveness of the edge-of-centre Crown Wharf Shopping Park.

- Currently limited retailer demand, as shown by the table below which sets out delivery against the targets since the BCCS ‘baseline’ date (2006). The table below sets out the amount of comparison floorspace delivered in the town centre.

Figure 2: Additional Comparison Retail Floorspace Completed

Monitoring Year	Comparison Retail Floor space Completed (square metres)
2005/06	0
2006/07	0
2007/08	0
2008/09	0
2009/10	0
2010/11	0
2011/12	21
2012/13	0
2013/14	0
2014/15	0
2015/16	3,347
2016/17 ²	35
TOTAL	3,403

Note: there is currently a potential total of 4,540sqm gross additional retail floorspace under construction at ‘The Quarter’ in the Digbeth area of the town centre. This is the total allowed for in planning permission 13/1421/FL after the amount of retail demolished as part of the scheme has been deducted (3,715sqm). Until the scheme is built out in full and occupied it is not possible to know the amount of floorspace provided through mezzanine levels or the amount that is occupied by comparison retailing.

12. In the context of the revised analysis the AAP strategy for retail looks to provide figures that are realistic and capable of delivery. This will reinforce the strategy for Walsall Strategic Centre set out in the BCCS. It should be noted the targets are not a maximum but instead provide a realistic figure against which the success of the AAP can be measured. The AAP figures do not prevent retail above the target set being delivered in the town centre should there be demand, and the impacts on other centres be considered to be acceptable in relation to the regeneration strategy for the Black Country. The

² The Council has not yet produced the 2016/17 Annual Monitoring Report so these figures could be subject to changes. These figures do however represent officer’s best current knowledge of development that has been completed during the year.

revised targets have provided the Council with a sound basis for planning positively for future needs in Walsall TC, with a strategy that provides for the following.

- Positive planning to accommodate growth in the Primary Shopping Area and providing a mechanism to resist damaging edge-of-centre and out-of-centre schemes.
- Promoting a range of store sizes, particularly larger and more flexible space, in order to respond to the needs of major retailers.
- Looking to provide the right conditions for investment, such as high quality public realm and convenient/ accessible car parking.
- Placing increased importance in good quality leisure uses to maximise the consumer's experience and dwell-time, building on the success of the new Light cinema and family-friendly restaurants.
- Identifying opportunities for other uses that will support the retail offer such as offices and residential.

13. If the AAP had continued to plan for the BCCS targets as set out on the basis of the work from 2009 it is considered there would be a real risk of sterilising land that could be allocated for alternative centre uses within the centre boundary as there would not be sufficient demand to deliver the sites. The BCCS targets could have also resulted in increased speculative edge and out-of-centre developments as the Council came under pressure to support proposals for retail outside of the Primary Shopping Area that would help to deliver the targets. Such consequences would have had a detrimental impact of the vitality and viability of the centre. It is therefore crucial that the AAP has up-to-date figures that reflect the current nature of the centre and the retail market.

14. The revised figures in the AAP have not faced any challenge during the AAP consultation process that has been supported by evidence³. In general the approach towards revising the figures was welcomed by our consultees (See Core Document CE8, CE13, CE17 and CE19). For example the LEP stated:

“The LEP accepts the need to reflect economic and other trends and to ensure deliverability. The proposals for rather smaller amounts of shopping and office floorspace than is set out in the Core Strategy are therefore supported. The Plan recognises the need to act positively to promote and safeguard investment if the

³ AEW UK (unique reference 1259 Core Document CE17) states that the targets are not ambitious enough but provided no evidence to support the statement. No other representations were received regarding the retail figures.

town centre is to avoid decline." (Unique reference number 1291 Core Document CE17).

15. Wolverhampton, as part of work on their City Centre AAP, revised their retail floorspace figures downwards from the BCCS target following the findings of work commissioned as part of the evidence for the AAP⁴. The inspector asked for further details explaining the approach to the revised figures in advance to the examination and the Council provided a written response⁵. Following the Council's written response and the examination hearings the approach towards revisiting the retail targets from the BCCS in the AAP was accepted by Wolverhampton's Examiner and the plan was adopted in September 2016⁶.
16. Walsall is therefore not alone in recognising the need to review the BCCS targets and there is also a commitment to reviewing the retail figures throughout the Black Country through the Core Strategy Review. Work is already underway on the review with consultation on the Issues and Options document taking place between July and September 2017⁷. The consultation document asked a number of questions about the targets for retail development within the centres and substantial and wide-ranging evidence will be commissioned to inform the future retail targets in the revised plan to ensure these are both ambitious and deliverable.
17. Therefore, it is believed the approach set out above is consistent with the NPPF (para 158) as it is based on adequate, up-to-date and relevant evidence about the economic characteristics and prospects of the area and has taken full account of relevant market and economic signals. The approach is also consistent with the adopted BCCS as it supports the strategy for directing retail investment into Walsall Town Centre in particular BCCS policies CSP1, CEN1, CEN2 and CEN3.

Offices

18. The 2011 BCCS set an ambitious target of 880,000 sqm of additional office floorspace for the Black Country to 2026. It divided this figure equally between the four strategic centres giving a target of 220,000sqm of additional office space in Walsall between 2006 and 2026. This equates to circa 11,148sqm of additional office space per annum. The approach of the BCCS

⁴ Wolverhampton City Centre Retail Update Study by Hollisvincent (December 2014) is available to view at: <http://wolverhampton.moderngov.co.uk/documents/s15400/CC%205.5%20Retail%20Update%20Study%20-%20Final%20Report.pdf>

⁵ Wolverhampton's City Council response to background questions asked by the inspector (November 2015) is available to view at: <http://wolverhampton.moderngov.co.uk/documents/s17369/Council%20Responses%20to%20Inspectors%20Initial%20Questions.pdf>

⁶ Wolverhampton's City Centre AAP examination report (July 2016) is available to view at: <http://wolverhampton.moderngov.co.uk/documents/s28834/Wolverhampton%20City%20Centre%20Area%20Action%20Plan%20-%20Inspectors%20Report.pdf>

⁷ The Black Country Core Strategy Issues and Options document is available to view at: <http://blackcountrycorestrategy.dudley.gov.uk/>

was aspirational and ambitious. The figures for offices were based on the 2009 evidence for the BCCS and were set out in the West Midlands Regional Spatial Strategy (RSS) Phase Two figures, which were not adopted following the revocation of RSS.

19. The figures were based on the aspiration in the BCCS which looked to deliver the economic diversification of the Black Country. This was based on a view that large amounts of offices should be planned for to replace industry which was perceived to be in decline, whilst redundant industrial land was to be redeveloped for housing. However recent trends have shown that in the Black Country there is a demand for industrial land and that this plays a crucial role in the economy. Evidence has also shown that the demand for offices has not grown as anticipated. The AAP therefore provides a good opportunity to revisit the figures for office development in the centre.

20. DTZ undertook a review of the figures based on the following methodology.

- i. Reviewing the existing office stock in Walsall Town Centre, which at 2014 was 130,000 sq. m.
- ii. Reviewing historic take-up levels (local agents reported 500-2,000 sq. m per annum).
- iii. Reviewing trends such as the increasing dominance of ‘major office centres’ such as Birmingham, which might compete with Walsall for office investment.

21. As a result of this evidence the office figures have been revised this down to 73,000sqm by 2026, which equates to 3,700sqm per annum over 20 years (with the base date of 2006 used in this case).

Figure 3: BCCS Office Figures Compared to AAP Office Figures

BCCS Targets	Per annum	Plan period to 2026
Offices		
Sq. m	11,000	220,000
AAP Targets	Per annum	Plan period to 2026
Offices		
Sq. m	3,650	73,000

22. Since the baseline date for the BCCS Walsall Town Centre has not secured a vast amount of new office space. Until recently the only major new office development had been public sector led in the form a new office for Whg. Furthermore the centre has lost speculative

office space to alternative uses as a result of a lack of demand to take-up the space up⁸. On the other hand, it can be assumed that as more office space might be developed over time, the centre should become relatively more attractive as an office location.

Figure 4. Additional Office Floorspace Completed

Monitoring Year	Office Floorspace Completed (square metres)
2005/06	0
2006/07	0
2007/08	0
2008/09	0
2009/10	0
2010/11	3,099
2011/12	4,649
2012/13	150
2013/14	0
2014/15	604
2015/16	1,866
2016/17 ⁹	0
TOTAL	10,368

23. It is considered that the updated evidence has resulted in a realistic but aspirational office target for Walsall Town Centre over the plan period. The new figure set in the AAP is a target to plan for and not a maximum figure preventing further offices to come forward should there be demand.
24. The AAP target is mostly capable of being accommodated within the Gigaport area which has the benefit of an outline permission (11/1541/TE). The AAP therefore has a strategy that looks to focus office development within this Gigaport area in order to create a high quality business hub. The Council is currently looking to build on developer interest in sites such as the former Jabez Cliff site (TC37), the Challenge Block in Hatherton Street (TC41), and the remaining plots within the Jhoots site (TC430).
25. If the AAP had continued to plan for the BCCS targets as set out on the basis of the work from 2009 it is considered there would be a real risk of sterilising land that could be allocated for

⁸ Application 14/1063/FL resulted in the loss of 2,296sqm offices to a gym.

⁹ The Council has not yet produced the 2016/17 Annual Monitoring Report so these figures could be subject to changes. These figures do however represent officer's knowledge of development that has been completed during the year.

alternative centre uses within the centre boundary as there would not be sufficient demand to deliver the sites. This would also have an impact on the amount of housing the town centre would be able to deliver. The BCCS targets could have also resulted in increased speculative edge and out-of-centre developments as the Council came under pressure to support proposals for offices outside of the centre that would help to deliver the targets. This would result in the office market within the town centre being diluted, impacting of the vitality and viability of the centre as whole. It is therefore crucial that the AAP has up-to-date figures that reflect the current and future level of demand for offices.

26. The revised figures have not been subject to any objections during the AAP Process (See Core Document CE8, CE13, CE17 and CE19). In fact before the revised figures were produced concerns had been raised by consultees at the Issues and Options consultation stage around the impact of planning for the targets set out the BCCS. The Black Country Chamber of Commerce for example questioned the figures, arguing they were not convinced there was evidence that the targets within the BCCS could be delivered given the level of demand in the centre (Unique reference number 430 Core Document CE19).

27. As a result of evidence undertaken to inform Wolverhampton City Centre AAP¹⁰, the Council have revised down the targets for offices from those set out in the 2011 BCCS. The inspector for the Wolverhampton AAP¹¹ examination stated that:

“The Plan is seeking notably less office space than the ambitious target contained in the BCCS. However, given the change in the economic climate that has occurred over the intervening years, the evidence justifies the more cautious approach that is now proposed.”

28. Walsall is therefore not alone in recognising the need to review the BCCS targets. There is also a commitment to reviewing the office figures throughout the Black Country through the Core Strategy Review.

29. Therefore the approach set out above is believed to be consistent with the NPPF (para 158) as it is based on adequate, up-to-date and relevant evidence about the economic characteristics and prospects of the area and has taken full account of relevant market and economic signals. The approach in the AAP also remains consistent with the adopted BCCS as it supports the strategy for directing office investment into Walsall Town Centre in particular BCCS policies CSP1, CEN1, CEN2 and CEN3.

¹⁰ The Bruton Knowles (BK) Commercial Sites Assessment Study(December 2014) is available to view at: <http://wolverhampton.moderngov.co.uk/documents/s15398/CC%205.3%20Commercial%20Sites%20Assessment%20Study.pdf>

¹¹ Wolverhampton’s City Centre AAP examination report (July 2016) is available to view at: <http://wolverhampton.moderngov.co.uk/documents/s28834/Wolverhampton%20City%20Centre%20Area%20Action%20Plan%20-%20Inspectors%20Report.pdf>