

PLANNING, REGENERATION + INFRASTRUCTURE

WINCHESTER: TOWN CENTRES STUDY

STAGE 2: PARTIAL REFRESH

FINAL REPORT

July 2024



First/Second Draft Report Issued: May 2023 / November 2023

Prepared by: Bláthnaid Duffy MRTPI / Christine Reeves MRTPI

Final Report Issued: July 2024

Reviewed and signed off: Dr Steven Norris MRTPI

For and behalf of Lambert Smith Hampton

This document has been prepared and checked in accordance with the Lambert Smith Hampton Quality Assurance procedures and authorised for release. If not signed off, the document should be treated as a draft and as being private and confidential, and not for wider distribution without the written permission of Lambert Smith Hampton.

CONTENTS

EXECUTIVE SUMMARY	
1. INTRODUCTION.....	1
2. ECONOMIC & MARKET TRENDS - UPDATE.....	3
3. TOWN CENTRE HEALTH CHECKS - REFRESH	14
4. RETAIL CAPACITY ASSESSMENT - UPDATE	22
5. COMMERCIAL LEISURE NEEDS ASSESSMENT UPDATE	28
6. TOWN CENTRE OFFICES.....	36
7. POLICY RECOMMENDATIONS – REVIEW & UPDATE.....	38

APPENDIX 1: UPDATED HEALTH CHECK ASSESSMENTS

APPENDIX 2: STUDY AREA AND ZONES

APPENDIX 3: UPDATED AVAILABLE RETAIL EXPENDITURE ANALYSIS

APPENDIX 4: UPDATED CONVENIENCE GOODS MARKET SHARES

APPENDIX 5: UPDATED COMPARISON GOODS MARKET SHARES

APPENDIX 6: UPDATED CONVENIENCE GOODS TURNOVER FORECASTS

APPENDIX 7: UPDATED COMPARISON GOODS TURNOVER FORECASTS

APPENDIX 8: UPDATED CONVENIENCE GOODS CAPACITY ASSESSMENT

APPENDIX 9: UPDATED COMPARISON GOODS CAPACITY ASSESSMENT

APPENDIX 10: UPDATED COMMERCIAL LEISURE EXPENDITURE

EXECUTIVE SUMMARY

- i. This report has been prepared by Lambert Smith Hampton (LSH) on the instructions of Winchester City Council and provides forms the updated, robust and sound evidence base to inform the Council's emerging local development plan. It reviews and updates the Council's previous town centre evidence, namely the Winchester District Retail, Leisure & Town Centre Uses Study dated August 2020 (RLTCUS 2020), whilst a separate report by LSH updates the Employment Land Requirements 2020 report.
- ii. The study has been prepared in two stages with the Stage 1 Evidence Review published in April 2023. The Stage 2 reports provide a Partial Refresh to the two 2020 studies, with this report presenting the findings of the Town Centres Study Partial Refresh. It has been carried out in accordance with current policy and guidance at the national and local level including the National Planning Policy Framework (NPPF) and associated National Planning Practice Guidance (NPPG).
- iii. The study reviews and, where necessary, updates the quantitative ('capacity') and qualitative need for new retail and leisure floorspace and uses over the emerging Local Plan period, from 2020 to 2040 (with outputs identified at 2024, 2029, 2032, 2034, 2036 and 2040) and includes detailed health checks of the main centres. However, we advise that any quantitative findings beyond 2034 should be treated with caution as forecasts become less reliable after a 10-year period.

MARKET TRENDS

- iv. In the decade from 2013 to mid 2023 the UK economy has experienced significant and unprecedented '*shockwaves*', including leaving the European Union, the Covid-19 pandemic and more recently a cost-of-living crisis.
- v. In some cases this has produced unforeseen effects, whilst in other cases it has accelerated trends that were already evident, but the combined effect for our town centres and the businesses within them, has been that the last 5-10 years has been a very difficult period for the retail industry.
- vi. Internet sales have been impacting the "bricks-and-mortar" retail sector for more than a decade but the pandemic has accelerated changes in consumer behaviour that were already reshaping the sector, and has put a renewed spotlight on the future of town centres, which in many cases now have more retail space than they need. Innovative ideas are therefore needed to rethink, reinvent and repurpose the UK's towns and shopping centres so that they are fit for purpose in the post-pandemic world.
- vii. At the same time the pandemic, the current cost-of-living and energy crisis precipitated by Russia's war in Ukraine has "squeezed" real disposable household incomes and increased housing costs. This has negatively impacted on spend on retail goods and leisure services, further impacting on businesses who were already carrying debt after the pandemic and facing rising operational costs and labour shortages precipitated by the economic downturn since 2022. This has resulted in numerous high profile retail business failures both pre and post pandemic.
- viii. Consumer and work behaviour has also changed significantly during the pandemic, with more people choosing to work from home and visit local shops and services. In general terms this shift in consumer demand has benefited smaller centres and local neighbourhood locations with strong residential ("walk-in") catchment populations.
- ix. Notwithstanding this, there are some positive signs within the retail and leisure sectors. For example:

- There has been increased demand for neighbourhood and convenience retail, particularly from independent service-orientated retailers;
 - Use Class E has allowed flexibility and for certain occupiers, previously outside of the former A Use Classes, access to primary retail locations, including the commercial health, beauty and wellbeing sub sectors. This has helped to alleviate vacancy rates in some centres;
 - The NHS is increasingly taking redundant retail space in shopping centres and high streets locations. Examples include proposals for the Pentagon Centre, Chatham (Kent); Victoria Centre, Southend (Essex); and the Swan Centre, Eastleigh (Hampshire);
 - There is greater leasing activity within the independent restaurant sector, particularly for fitted restaurant space, thereby mitigating capital expenditure. External seating areas are now particularly sought after by operators; and
 - The leisure sector is also evolving, and new “*competitive socialising*”¹ concepts are seeking sites particularly in larger urban areas.
- x. However, the outlook for the retail, leisure and hospitality sectors remains uncertain. The cost-of-living crisis, staff shortages, rising inflation, interest rates, and energy costs suggest it is likely to take a good deal of time for the economy and retail sector to stabilise, and for the “new post-pandemic normal” to be properly understood. What is clear is that the unprecedented nature of these issues means all forecasts will be subject to greater than usual uncertainty.

TOWN CENTRE HEALTH CHECKS - REFRESH

- xi. The Town Centre Refresh has included an update to the health checks previously provided for the main town centres in Winchester and the detailed assessments are provided in Appendix 1 of the main report. This has helped identify any significant changes to the findings of the 2020 SWOT assessments and the overall conclusions are as follows.

Winchester Town Centre

- xii. Winchester remains a vital and viable town centre. There has been little change in the town’s performance since the last health check was undertaken for the RLTCUS 2020 despite the economic challenges that have occurred nationwide from the COVID-19 pandemic and the current cost of living crisis. However, ongoing investment is critical for the town to strengthen its sub-regional profile and limit the impact of competition from competing centres. In this context, planned regeneration projects (such as Station Approach, the repurposing of the Debenhams store and the Central Winchester Regeneration project) will be essential to help strengthen Winchester’s role as a sub-regional centre and attracting further investment. There is also potential to strengthen its independent offer and offer a diversified range of facilities, such as co-working or experience led retail.

Whiteley Town Centre

- xiii. Whiteley is a purpose-built modern shopping centre, benefitting from good accessibility and offering a good range of national multiples, anchor foodstores and a multi-screen cinema (operated by Cineworld), which has benefitted the wider evening economy. However, there was

¹ There are many popular forms of competitive socialising, from high to low tech. These include: crazy golf; bowling; axe throwing; escape rooms; indoor cricket and darts. However, this is by no means a definitive list, as new trends are constantly emerging.

a relative under-provision of retail and financial services, independents and specialist retailers and the evening economy is restricted by the centre's opening times .

- xiv. The health check refresh has identified little significant change from the assessment carried out for the 2020 study and concludes that overall, while lacking the range of services that typically support a traditional town centre, Whiteley continues to function as a strong and attractive shopping destination. It remains a vital and viable centre.

Bishop's Waltham District Centre

- xv. Bishop's Waltham is an attractive and historic market town, with a good range of independent shops and limited vacancies. However, the historic and narrow streets do act as a barrier to vehicle access and movement across the centre.
- xvi. Overall, Bishop's Waltham remains a vital and viable centre. It is performing well in its primary role as a day-to-day retail and service centre meeting the needs of its local residents.

New Alresford District Centre

- xvii. New Alresford is attractive and historic centre with limited vacancies. However, the 2020 assessment noted that there was a perception of limited parking and heavy traffic flow through the centre has a negative impact on the shopping environment and experience. There was also a perception that the centre had too many cafés.
- xviii. The 2023 health check refresh identifies little change in the centre since 2020 and concludes that it remains a vital and viable centre meeting the needs of the local people.

Wickham District Centre

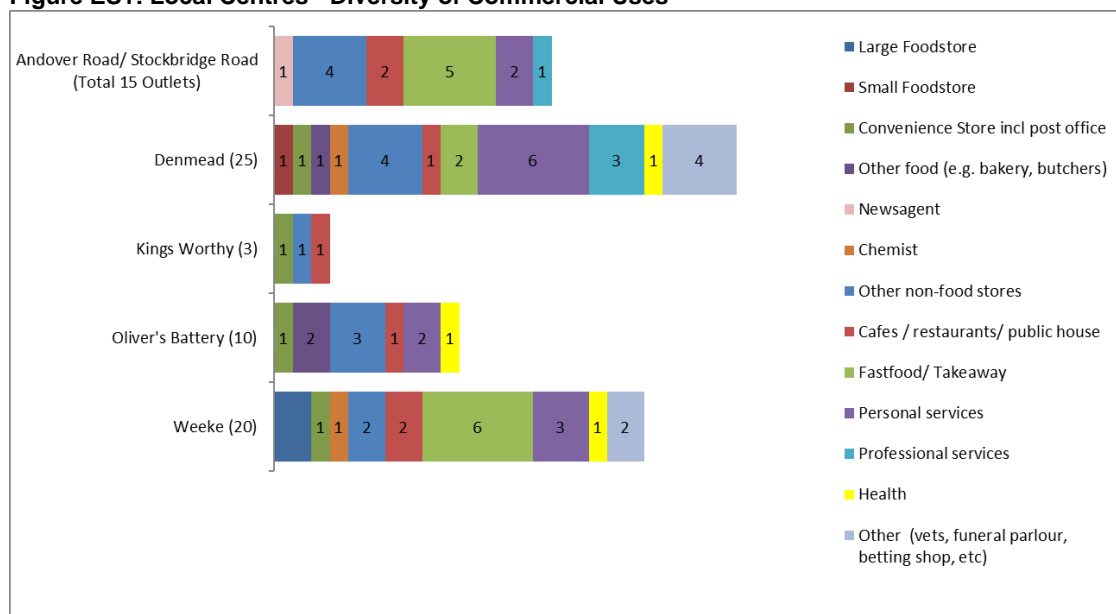
- xix. Wickham as an attractive and historic centre with a strong independent retail and service offer, and low vacancies. However, the centre's limited size and offer results in a restricted shopping catchment.
- xx. Since 2020 it has seen the closure of Lloyds Bank and Pages of Wickham (Newsagents) but remains a vital and viable centre, meeting the day-to-day needs of its local catchment population. Tourism (and specifically day visitors) also help to support the centre's vitality and viability.

Local Centres

- xxi. The 2023 Refresh also includes information on the retail, leisure and town centre uses in the five smaller, local centres in Winchester. Provision varies between the centres:
- **Denmead** is a rural village and is the largest local centre in the district with 25 outlets. The centre does not have a large foodstore anchor but is served by a Southern Co-op store which recently incorporated a smaller Post Office store. Other uses include an independent baker; a good choice of cafés, restaurants, takeaways and pubs; as well as a chemists, estate agents, vets and hairdressers;
 - **Weeke** is located less than 1.5 miles from Winchester City Centre. It is the second largest Local Centre in terms of units with 19 outlets but contains the largest amount of floorspace due to its two foodstore anchors (Waitrose and Aldi). These two stores underpin the overall vitality and viability of the centre, generating sales, linked trips and footfall for other businesses and services. The centre also includes a smaller Spar convenience store, incorporating a post office and a mix of independent food and beverage outlets. There is also a Boots pharmacy, a Costa Coffee and a charity shop. The centre is also served by a GP practice (The Friarsgate Practice) in the Waitrose building complex.

- **Andover Road/ Stockbridge Road local centre** is located just outside the defined Winchester Town Centre boundary. The centre boundary is relatively widely drawn and extends beyond the area where the main town centre uses are concentrated, providing an offer more typical of an inner urban neighbourhood centre, including a mix of cafés, restaurants and takeaway outlets. The small centre does not have any convenience stores to meet the day-to-day needs of local residents and shoppers, although a Co-op lies immediately opposite on the junction of Andover Road and City Road. The shopping environment is generally poor; characterised by heavy traffic along Andover Road and narrow pavements for pedestrians.
- **Oliver's Battery** is located to the south of Winchester City Centre. It is a small centre comprising ten commercial outlets including a small convenience store (incorporating a post office), butchers, hairdressers, pet store, dental surgery, and café. This is an adequate mix of services to meet the needs of its local resident catchment.
- **Kings Worthy** is the smallest of the local centres, containing just three commercial outlets at the time of our audit: namely a small convenience store, a public house (undergoing refurbishment), and a kitchen furniture showroom. Given the limited offer, it is questionable whether the centre is meeting its role and function as a local centre.

Figure ES1: Local Centres - Diversity of Commercial Uses



Source: LSH audits of local centres based on site visits (April/May 2023).

RETAIL CAPACITY ASSESSMENT - UPDATE

- xxii. Looking forward, the retail capacity assessment undertaken by LSH for this study follows the same methodology as set out in Section 7 of the RLTUS 2020 report but updates the assessment period to 2040 and utilises the most up to date estimates of population and retail expenditure and forecasts for expenditure growth and Special Forms of Trading (SFT).
- xxiii. The overall effect of the changes is that the 2023 updates indicate a reduction in the forecast need for new retail floorspace.

Table ES2: Winchester City - Retail Capacity (net sales area)

CONVENIENCE RETAIL CAPACITY	2024	2029	2032	2034	2036	2040
Residual Convenience Goods Expenditure (£m):	-£8.0	£4.7	£4.2	£4.7	£4.4	£3.8
Convenience Floorspace Capacity (sqm net):	-867	516	452	507	473	395
COMPARISON RETAIL CAPACITY	2024	2029	2032	2034	2036	2040
Residual Comparison Goods Expenditure (£m)	£0.0	£8.8	£7.7	£6.6	£6.5	£6.4
Comparison Floorspace Capacity (sqm net):	-7	1,401	1,121	906	847	741

Convenience Capacity

- xxiv. The updated capacity for convenience floorspace is lower but broadly comparable to the RLTCUS 2020 findings, with need broadly spread across Winchester's centres and retail areas.

Table ES3: Convenience Retail Capacity by Centre

	2024	2029	2032	2034	2036	2040
Winchester Town	-322	-194	-219	-227	-242	-273
Whiteley District Centre	195	483	476	483	484	485
New Alresford District Centre	-4	48	53	61	60	60
Bishop's Waltham District Centre	79	127	131	148	153	160
Wickham District Centre	94	233	230	233	233	233
Weeke Local Centre	-134	163	140	138	122	88
All Other Local/Smaller Centres & Local Stores	67	173	171	178	178	175
Rest of District/Out of Centre	-842	-516	-529	-507	-515	-534
Winchester District – TOTAL:	-867	516	452	507	473	395

- xxv. The capacity figure for Whiteley is slightly higher, reflecting the current draw and market share of the centre and the increasing population in the area. However, much of the need could be met either by the extension of one of the foodstores currently trading in the area, or by a change in the mix of floorspace provided by them.
- xxvi. The negative capacity shown for Winchester Town Centre reflects the lower market share of the centre for convenience sales and the convenience floorspace already committed at Station Approach.

Comparison Capacity

- xxvii. The updated capacity for comparison floorspace shows a reduction in need compared with the RLTCUS 2020 findings, due to a combination of lower long term growth rates in expenditure and high levels of productivity growth for existing floorspace.
- xxviii. In terms of the capacity by centre this is greatest in Winchester and Whiteley centres once allowance is made for committed developments.

Table ES4: Comparison Goods Retail Capacity by Centre

	2024	2029	2032	2034	2036	2040
Winchester Town Centre	105	684	509	367	320	233
Whiteley District Centre	171	583	555	542	543	544
Bishop's Waltham District Centre	14	18	14	15	19	26
New Alresford District Centre	9	40	38	38	36	36
Wickham District Centre	30	103	99	96	96	96
All Local Centres	12	39	37	36	37	38
All Other Smaller Centres & Local Stores	25	65	58	51	50	47
Rest of District/ Out of Centre	-374	-131	-189	-238	-253	-280
Winchester District – TOTAL:	-7	1,401	1,121	906	847	741

Conclusions on Capacity

- xxix. The amount of space required for both convenience and comparison is small and does not take account of vacant floorspace. We therefore advise that any forecast capacity could be met by minor changes to existing floorspace, the reoccupation of currently vacant space, changes of use from other Class E uses, and the provision of small-scale Class E floorspace in new mixed-use developments. There is no clear and obvious requirement to identify larger comprehensive development opportunities within or on the edge of the defined centres.

COMMERCIAL LEISURE NEEDS ASSESSMENT UPDATE

- xxx. Forecasting the need for new leisure uses is more problematic than for retailing as the sector is highly complex and dynamic but this study provides an update on the RLTCUS 2020 assessment based on a review of key trends and changes to existing leisure provision in the area an participation rates and an update to the previous economic assessments undertaken for a selection of leisure categories.
- xxxi. The leisure sector has not been immune to the economic impacts of the Covid-19 pandemic and cost-of-living crisis and recent years have seen major various in leisure expenditure. Going forward however, leisure expenditure is expected to increase by £158.6m between 2022 and 2032 (+13.7%) and £286.9m by 2040 (+24.8%).

Food & Beverage Provision

- xxxii. For the food & beverage (F&B) sector, which is an integral part of a town centre's wider offer and economy, the impact of the pandemic has been significant and, going forward industry experts expect to see:
- A greater move towards a more cost-effective restaurant models and brands;
 - Collapse or sale of brands that are overleveraged and carrying debt, which are likely to be purchased by stronger performing brands;
 - Opportunities for new businesses where landlords offer concessions on rent and premiums;
 - Continued growth in customer demand for 'quick service restaurants' (QSR), brand franchising and drive-through formats; and

- Increased demand for sustainable dining, such as vegan or vegan friendly restaurants, and other formats that promote sustainable credentials (e.g. “slow food”, “low carbon footprint”, etc).

xxxiii. There is also the potential for restaurants and pubs to tap more into the growth in home deliveries, with the potential to reach new audiences and increase turnover at quieter times.

xxxiv. In the Winchester study area the available expenditure for F&B is expected to increase by over £85m between 2022 and 2032 and by over £154m by 2040. Much of this will be absorbed by existing businesses who need to maintain their viability in the face of inflation and increasing costs, but there will also some residual spend available to support new F&B businesses in Winchester City.

xxxv. Where opportunities for new F&B provision do come forward these are likely to be focused on Winchester Town and Whiteley Shopping Centre. For Winchester’s district centres, if and where demand arises, we expect this will be from the independent sector, particularly for cafés and takeaway outlets.

Health & Fitness

xxxvi. The pandemic had a significant impact on the health and fitness market the number of UK gyms declined from a 10-year peak of 3,674 in 2020 to an estimated 3,060 in 2021. However, figures for 2022 show that market value has risen to £1.8 billion and the number of gyms has increased to 3,720, higher than pre-pandemic levels. This is a positive sign that the market is recovering, although, there are now uncertainties on how much the sector will grow in light of the current cost-of-living crisis.

xxxvii. The 2020 RLTCUS identified the potential to support one to two new gyms in the District. This was based on the potential to capture new gym members due to the projected increase in population over the ten year period.

xxxviii. The updated assessment indicates that capacity remains at two new gyms by 2032 and we would expect the main demand will be from budget/affordable gym operators.

xxxix. We understand that a new gym forms part of the approved masterplan for an office-led mixed use development adjacent to The Forum in Whiteley. A gym operator has not yet been identified and it is likely that a gym at this location will mainly serve workers at The Forum.

xl. There is a noted requirement from Pure Padel, which sits within the niche leisure sector and represents an emerging sub-sector of the health and fitness sector. As expected, the operator is seeking a site in Winchester.

xli. Generally, we expect that Winchester and surrounding out of centre locations will be the main focus for new health and fitness facilities.

Cinema Need

xlii. The 2020 RLTCUS identified no capacity for new cinema screens over the study period (2019 to 2036) and this update does not change this conclusion.

xliii. However, as highlighted in the 2020 study, opportunities to support new cinema screens will not be led by capacity assessments, but by the state of the cinema market and whether cinema operators are seeking new sites in the City and District.

xliv. Currently, investment in the cinema sector is muted as confidence has remained low since the impact of the pandemic.

- xlv. The 2020 RLTCUS concluded that there may be potential to expand or improve existing facilities, such as Cineworld Whiteley, whilst the potential to support a multiplex in Winchester City Centre would need to complement the existing boutique offer (i.e. Everyman Cinema). The former is considered a more achievable prospect given the lower level of investment this would require. The potential to attract a multiplex to Winchester Town is unlikely in the short to medium term, given the apparent lack of screen capacity in the area and significant investment required.

Gambling Venue Provision

- xlvi. The 2020 study concluded that gambling venues (including casinos, bingo halls, and betting shops) are adequately catered for in Winchester by existing provision in or within a reasonable catchment of the district.
- xlvii. Whilst there are no casino or bingo hall venues in Winchester, there are venues in Southampton (casinos and bingo halls), Eastleigh (bingo halls) and Cosham (bingo hall). There is unlikely to be market demand to attract a casino or bingo hall to Winchester as the district falls within the catchment for the larger venues in Southampton.
- xlviii. Betting shops tend to be well provided for in town centres compared to other gambling venues but demand has been in decline due to increasing online activity. In Winchester the existing provision is limited but we do not consider there is a need to actively support new betting shop provision in any of district's centres, given this decline in usage and the contentious nature of such proposals.

Family Entertainment Provision

- xlix. Family entertainment venues ('FEV') appeal to adults and children. Established activities in the UK include tenpin bowling, roller skating, ice skating, and similar uses. The 2020 RLTCUS household survey found that 23.7% of study area respondents partake in these types of entertainment activities but none of these venues were in Winchester. This updated review has not identified any new entrants since then.
 - I. Looking beyond traditional FEVs, there is also an emerging market in multi-activity leisure venues. These typically attract wider families and groups, who are generating 'spin-off' expenditure to other uses and facilities both within and outside the venues.
 - li. The combination of activities and specific space requirements for some, mean that such venues are unlikely to seek a town centre location, although providers of individual activities may do so. Examples in Winchester include the climbing walls in Whiteley Town Centre and the out of centre Winchester Sports and Leisure Park. Town centre locations may also be suitable for activities aimed at children, such as soft play or gaming centres and the popular 'Escape Rooms' concept has often been attracted to secondary properties or upper floors of existing buildings in town centres.
 - lii. "Competitive socialising" is another emerging market that sits within the wider active leisure sector. It is aimed more at adults rather than the families, as the venues usually serve alcohol. Currently, there are no competitive socialising venues in Winchester and there are no published requirements from operators. However, we would expect Winchester to be an area of interest to the competitive socialising market given the student population and the city's strong evening F&B offer.

Cultural Activities

- liii. Cultural activities include a broad range of activities that are focused on the arts and historic attractions and the 2020 RLTCUS household survey findings highlighted that over half of all study area respondents visit theatres and music venues (54%), and historical and cultural attractions

(52%), with Southampton and Central London being key attractors as well as Winchester town centre.

- liv. A review of cultural attractions in Winchester has not identified any new venues that could potentially alter the market share of trips made by study area respondents.
- lv. Opportunities to support investment in cultural attractions is likely to be more successful in Winchester. However, the current state of the economy is unlikely to support private investment in cultural activities without funding from the public sector. However, as new cultural facilities in Winchester could help to claw back trade from competing centres and appeal to visitors, the focus should be on retaining and strengthening Winchester's existing cultural offer. This could be achieved, in part, through more/better targeted cultural events and marketing.

Hotels

- lvi. The 2020 RLTCUS provided an audit of hotel provision across Winchester City district and concluded that provision is strong and largely supports mid-market accommodation in and around Winchester. This will be complemented by the new Travelodge being provided at the Solent Business Park near Whiteley.
- lvii. Hotel offer in Winchester's smaller centres is more limited in terms of bed capacity, but this is to be expected for their size.
- lviii. In addition to the hotel offer, the 2020 RLTCUS highlighted that Winchester has a broad offer in bed and breakfast accommodation and an updated review confirms that there remains a good supply of visitor accommodation offer. There is also good provision of 'country house' hotels in the district.
- lix. In terms of a demand from the market, the 2020 study identified that Winchester could be a prime location for a quality mid-market hotel operator, such as Hamptons by Hilton. This remains the case and opportunities for a new hotel should be focused in Winchester to help promote the visitor economy and support other town centre businesses.

TOWN CENTRE OFFICES

- lx. Offices are an important main town centre use for some higher order centres, including Winchester town centre which provides approximately 28% of the district's total floorspace, with the rest provided in out-of-town locations.
- lxi. The main assessment of the demand for office space and future land requirements within the district have been assessed in the separate Employment Land Study (ELS) which has also been prepared by LSH. However, the implications of the findings of the ELS together with the likely effects of the introduction of Class E and increased home working following the Covid-19 pandemic are considered in this report.
- lxii. The current office stock in Winchester town centre is limited in quality, as a proportion of the stock comprises converted heritage buildings where the configuration of the space is constrained. As a result there have been concerns that the introduction of Class E may lead to the loss of some of the existing space to other Class E uses.
- lxiii. However, the presence of vacant retail premises and the continued on-going demand particularly from smaller companies for office working leads us to conclude that the overall impact on the office market in Winchester town centre is likely to be limited. Greater flexibility of use may see a small amount of office space converted to other Class E uses, but in practice this is most likely to happen where the office space is no longer suitable for its original purpose but is readily

converted to alternative uses. Elsewhere the demand for office space for smaller companies is likely to remain.

POLICY RECOMMENDATIONS – REVIEW & UPDATE

- lxiv. The 2020 RLTCUS set out policy recommendations that are relevant to plan-making and decision-taking in the Winchester District area and its centres. The policy recommendations focused on policies that plan, manage and promote the vitality and viability of Winchester City and other centres in the hierarchy over the development plan period.
- lxv. This section provides recommendations on whether the policy recommendations in the 2020 RLTCUS are still relevant by taking account of the updated evidence presented in earlier sections of this report. We conclude as follows.

Town Centre Boundaries

- lxvi. The 2020 study recommended no changes to the defined Town Centre boundaries for Winchester, Whiteley Town Centre or the three district centres. However, we recommend that the Council consider the boundary of the Stockbridge Road/Andover Road local centre to assess whether this still remains appropriate. This is particularly relevant given the progress made in developing the ideas for the nearby Station Approach area.

Primary Shopping Areas

- lxvii. PSAs are needed to inform the sequential test for retail floorspace proposals and to establish whether an application site is edge or out of centre. It is noted that the emerging Local Plan identifies PSAs for the Winchester, Whiteley and the three district centres. No changes are required to the defined areas.

Retaining Retail Uses

- lxviii. The emerging Local Plan Policy E7 encourages the provision of new main town centre uses within the defined PSAs and this is consistent with the current Use Classes Order. However, the policy as published at the Regulation 18 draft stage (November 2022), includes a reference to thresholds for main town centre uses which we recommend should be removed. Instead, policy support could be provided for uses which support the vitality and viability of the PSA during daylight hours by including additional text such as

“Proposals for a change of use or the redevelopment of premises away from retail or other Class E uses, will only be supported where it can be demonstrated that:

- *The proposal will contribute to the centre’s vitality and viability during daytime trading hours; and*
- *Proportionate evidence has been provided to demonstrate that the premises are no longer required for retail or other Class E uses.”*

- lxix. Should the Council be concerned regarding the possible conversion of retail/Class E units to residential uses under the new Permitted Development Rights (PDR) introduced on 1st August 2021, then it may be appropriate to consider the use of Article 4 restrictions. This effectively removes national permitted development rights, if warranted and supported by robust evidence.

Winnall Employment Area

- lxx. The 2020 study provided advice on how the Council should manage the provision of town centre uses within the Winnall employment area, with reference to Policy WIN11 (Winnall) of the LPP2. The study recommended that future policy should ensure proposals for retail uses are

accompanied by a retail impact assessment, as well as being required to demonstrate compliance with the sequential test.

- lxxi. Emerging Local Plan Policy 6 (Winnall) makes provision for town centre uses where evidence shows that the use requires an out-of-centre location and that a 'sequential approach' has been applied. It is recommended that the policy wording is amended to include a reference to emerging Local Plan Policy E4 (Retail and Main Town Centre Uses) and the requirement for main town centre uses that exceed 350 sqm to be accompanied by an impact assessment.

Local Impact Threshold

- lxxii. The 2020 RLTCUS recommended that proposals for retail uses that exceed 350 sqm and are not located in a defined centre should be subject to the impact test. This has been included within emerging Local Plan Policy E4 (Retail and Main Town Centre Uses), which also requires the sequential test to be addressed.
- lxxiii. There is no evidence to suggest a change to this local threshold for impact tests is required, but we would suggest that the draft policy wording is amended to ensure that the 350 sqm gross threshold applies to leisure uses as well, given their increasing importance in supporting the vitality and viability of town centres. The change to the Use Classes Order also means that the same threshold should apply, given that planning permission would not be required for a leisure use within Class E to be converted to retail use without the need for planning permission.
- lxxiv. We would also recommend that Proposed Policy E4 is amended to remove the reference to units under 300 sqm (net) and serving a local need. Such units would not normally be expected to demonstrate compliance with the sequential and impact tests and therefore we do not consider that this element of the policy is necessarily required.

Centre Hierarchy – District & Local Centres

- lxxv. The 2020 RLTCUS considered whether there was a need to adjust the position of the District's main centres within the defined retail hierarchy and concluded that on the whole they were fulfilling their respective roles in the hierarchy.
- lxxvi. The only exception was Weeke Local Centre which commands a larger market share and catchment reach than many other centres in Winchester City due to the presence of the two major food retailers. However, the 2020 RLTCUS noted that Weeke's strong market share and catchment reach only relates to convenience and its comparison retail market share is more in line with other local centres. The study recommended that the position be reviewed once residential communities are developed out at Barton Farm, which is known as Kings Barton.
- lxxvii. For this study, the Council queried whether Weeke should continue to be defined as a 'Local Centre' in emerging Strategic Policy E3 (Town Centres Strategy and Hierarchy), given its draw as a convenience shopping destination. The Council also queried whether other defined 'Local Centres' in Policy E3 warranted their designation, on the basis that some centres provide limited commercial activity.
- lxxviii. With the development of Kings Barton it is likely Weeke has increased its market share of convenience goods expenditure in the short term but this is expected to drop off to some extent when the planned local centre at Kings Barton is developed out, and particularly if the proposed foodstore is delivered.
- lxxix. On balance, we consider there is no clear case for upgrading Weeke to a 'District Centre'. Also, given there is no proposed policy difference between district and local centres, we consider that any change to the status of the centre can be reviewed in the future.

lxxx. In terms of the other local centres we agree with the continued designation of Denmead, Oliver's Battery and Andover Road/ Stockbridge Road as local centres. However, Kings Worthy is considered small for a local centre. This, together with other factors, such as the anticipated need to identify additional centres at significant development sites such as West of Waterlooville and Barton Farm, mean that a comprehensive review of the centres and their role in the retail hierarchy would be appropriate once additional centres have been built out and their offer is known.

--- Ends ---

1. INTRODUCTION

- 1.1 Lambert Smith Hampton (LSH) was instructed by Winchester City Council ('the Council') in December 2022 to prepare the '*Winchester Town Centre Uses and Employment Study 2023*' ('the Study').
- 1.2 This Study will help to inform policies in the emerging *Winchester Local Plan 2020-2040*. It provides the updated robust and sound evidence base that is needed to help formulate strategies and policies specific to retail, other main town centre uses (including commercial and leisure) and employment land. The emerging Local Plan has been subject to Regulation 18 consultation and is expected to go forward to Regulation 19 consultation stage in due course, followed by the submission of a draft Local Plan to the Planning Inspectorate in 2025.
- 1.3 The Study specifically reviews and updates the Council's previous town centre and employment evidence, which includes:
 - the '*Winchester District Retail, Leisure & Town Centre Uses Study*' (August 2020) prepared by LSH (referred to as the '2020 RLTCUS'); and
 - the '*Employment Land Requirements*' (April 2020) (2020 ELR) prepared by Stantec.
- 1.4 Since the 2020 studies were published the UK has experienced major economic, health, political and social events; including the Coronavirus (COVID-19) pandemic, an energy and cost-of-living crisis, precipitated by Russia's war in Ukraine. These events have further impacted on how we shop, work and use our town centres. As such, there is a need to review the town centre and employment evidence to ensure that the original recommendations are still relevant and reflect the current and predicted economic and market position.
- 1.5 The new study forms two stages:
 - **Stage 1: Evidence Review** – provided a review of existing evidence relating to town centre and employment uses. This included a review of relevant national and development plan policy, and an overview of the 2020 RLTCUS and the 2020 ELR. The Evidence Review also provided the Council with an early indication on any new evidence that will be required to inform Stage 2, and possible changes needed to adopted policies that support town centre and employment uses across Winchester and its centres.
 - **Stage 2: Employment Land Review and Town Centres Study Partial Refresh ('Partial Refresh')** – is broken down into two separate reports that provide a review and partial refresh of the existing employment and town centre evidence base and (where necessary) updated policy recommendations.
- 1.6 This report presents the findings of the **Town Centres Study Partial Refresh**. It has been carried out in accordance with current policy and guidance pertaining to retail and town centre uses, and employment land at the national and local level (including the *National Policy Framework* (NPPF) and *National Planning Practice Guidance* (NPPG)).
- 1.7 The study reviews and, where necessary, updates the quantitative ('capacity') and qualitative need for new retail and leisure floorspace and uses over the emerging Local Plan period, from 2020 to 2040 (with outputs identified at 2024, 2029, 2032, 2034, 2036 and 2040). However, we advise that any findings beyond 2034 should be treated with caution as forecasts become less reliable after a 10-year period.
- 1.8 For ease of reference this **Stage 2: Partial Refresh** is divided into the following inter-related sections:
 - **Section 2** provides an overview of national market trends relating to the retail and leisure sectors, and how these trends are reflected at the local level, in Winchester.

- **Section 3** sets out a summary of the town centre health check ‘refresh’ for Winchester and Whiteley, and the three district centres of Bishop’s Waltham, New Alresford and Wickham. LSH has also carried out an audit and review of Winchester’s five policy-defined ‘Local Centres’ (namely Andover Road/Stockbridge Road, Denmead, Kings Worthy, Oliver’s Battery, and Weeke) to better understand their role and function in the network and hierarchy of centres.
- **Sections 4 and 5** present the updates of the retail capacity assessment (based on LSH’s in-house **CREAT^e** economic model), commercial leisure need assessment, and hotel review.
- **Section 6** provides a summary of the office market in Winchester town centre (based on the Employment Land Review findings).
- **Section 7** updates the policy recommendations set out in the 2020 RLTCUS pertaining to retail and town centre uses. It includes comments on the hierarchy as a whole and the results of the detailed review of the local centres.

2. ECONOMIC & MARKET TRENDS - UPDATE

- 2.1 This section updates and summarises some of the key economic, consumer and property market trends that have driven the changes in the retail and leisure sectors over the last decade, and which will continue to shape change in the future.
- 2.2 It should be noted at the outset that this section was written in mid-2023 at the time when the UK economy was still recovering from the impacts of the pandemic and was at the height of an energy and cost-of-living crisis, precipitated by Russia's war in Ukraine. As a result, the economic forecasts and dynamic trends discussed in this section could change over the short to medium term and will need to be carefully monitored.

UK ECONOMY & OUTLOOK

- 2.3 The UK economy has experienced significant and unprecedented “*shockwaves*” over the last decade; including the United Kingdom leaving the European Union, the Covid-19 pandemic, and the current cost-of-living crisis.
- The impact of the pandemic saw the UK economy experience its biggest annual decline in Gross Domestic Product (GDP)¹ in 2020 for over 300 years (-9.9%).
 - Although the economy grew by 7.6% in 2021, it fell back to 4.1% in 2022 due to the cost-of-living and energy crisis. The latest figures show that the economy has narrowly avoided recession in 2023, with a reported growth of 0.2% between April and June². Recent independent forecasts predict limited GDP growth of 0.2% for 2023 and 0.7% for 2024³.
 - High inflation is one of the main factors behind the ongoing cost-of-living crisis in the UK. Consumer Price Inflation (CPI) peaked at a 40-year high of 11.1% in October 2022, and although it had fallen back to under 7% at the time of preparing this report, it is still well above the Bank of England target rate of 2%.
 - The Bank of England's response to rising inflation has been to increase interest rates from 0.5% in February 2022 to 5.25% in August 2023. These rises are increasing mortgage costs for thousands of homeowners, and further impacting on disposable incomes.
 - The pandemic has raised Britain's budget deficit⁴ to £303 billion (or 14.5% of GDP) in 2020/21; the highest level experienced since the Second World War. This was due to the Government's necessary financial support to public services, households and businesses during this period. The deficit was reduced to £137 billion (5.4% of GDP) in 2022/23. It is forecast to fall to a more typical level in the years after 2023/24, on the back of a predicted economic recovery and reductions in spending.

¹ Gross domestic product (GDP) are the main measure of UK economic growth based on the value of goods and services produced during a given period.

² A recession is usually defined as when GDP falls for two three-month periods - or quarters - in a row. The last time the UK's economy went into recession was in 2020, at the height of the pandemic.

³ HM Treasury Forecasts for the UK economy: a comparison of independent forecasts <https://www.gov.uk/government/collections/data-forecasts>

⁴ When the government spends more than it receives in tax and other revenues it “borrows” to cover the difference, the “borrowing” is known as ‘*public sector net borrowing*’ and is often referred to as the deficit (i.e. the gap between public spending and income from taxes).

- Rising interest rates, inflation, food and energy costs have hit UK households particularly hard; particularly those on lower incomes that spend a higher proportion of their earnings on housing costs. Wage growth is also not keeping pace with inflation.
- 2.4 As a result of these trends, UK households are currently experiencing the biggest fall in real disposable income and living standards in decades. As we explain below, this will have direct impacts on household spending on retail goods and leisure services, and on the sales performance of retailers and leisure operators.

RETAIL & LEISURE EXPENDITURE GROWTH

- 2.5 Although consumer spending has been a key driver of economic growth for decades, there had been increasing signs pre-pandemic that growth was starting to “soften”. The pandemic and recent economic downturn has accelerated these trends and had a further dramatic impact on consumer spending and retail sales.
- 2.6 During the pandemic household spending fell by over 20% in the second quarter of 2020, the largest quarterly contraction on record. This was due to the impact of a series of “lockdowns” in 2020/21 on retail, hospitality, travel and leisure expenditure, and fall in employment (including the “furlough” scheme and job losses). The retail and leisure sectors were severely affected, and many businesses were forced to close during this period.
- 2.7 The latest retail and leisure spend per head (or per capita) forecasts published by Experian Business Strategies (EBS)⁵ show:
- **Convenience goods**⁶: following a significant +10.2% growth in spend on “essential” food and convenience goods during the pandemic (2020), spend fell by –1.4% in 2021 and by -6.7% in 2022. Experian predict that annual growth in convenience spend will fall again in 2023 (-2.4%) and 2024 (-0.4%), before stabilising at an average rate of +0.15% up to 2040. This rate is still an improvement on the historic long-term trend (1997-2020) of -1.4% per annum.
 - **Comparison goods**⁷: has experienced less fluctuation in growth than convenience spend over the last 5 years. Following growth in 2019 (+2.5%), there was significant negative growth in 2020 (-6.8%) due to the impact of the pandemic. Growth returned in 2021 (+6.7%), but negative growth in 2022 (-0.4%) is forecast to continue in 2023 (-1.6%). Experian forecast growth rates will average +2.5% from 2025-29, and +3.0% from 2030 to 2040. This growth forecast is also an improvement on the historic long-term trend (1997-2021) of +2.6% per annum.
 - **Leisure spend**: following a dramatic -37.9% fall in leisure spend per head in 2020, expenditure bounced back to growth in 2021 at +30.5%. Experian forecast a further increase in 2022 (+27.7%), before falling back in 2023 (-5%) and 2024 (-0.2%) due to the impact of the cost-of-living crisis on household expenditure. Average yearly growth is then forecast to settle at approximately +1.0% over the period 2025-29 and +0.9% over the longer term up to 2040. This growth is also an improvement on the historic long-term trend (1997-2021) of -2.4% per annum.
- 2.8 These expenditure growth trends and forecasts have informed the updated retail capacity assessments set out in Section 5 of this study.

⁵ Experian Business Strategies (March 2023) *Retail Planner Briefing Note 20* (see Figures 1a and 1b)

⁶ Convenience goods expenditure is spend on “essential” day-to-day items, and is defined by Experian as including spend on: food, alcohol, tobacco, newspapers and periodicals, and household cleaning materials.

⁷ Comparison goods expenditure is spend on items not obtained on a frequent basis, and is defined by Experian as including spend on: clothing and footwear; furniture and furnishings; carpets and other floor coverings; books; jewellery; major and small appliances; games, toys and hobbies; DIY; etc.

2.9 Clearly any further dampening of growth rates over the short to medium term due to rising inflation and interest rates, and the cost-of-living crisis, will have implications for the sales performance and viability of existing retail and leisure businesses, and the market demand for new space.

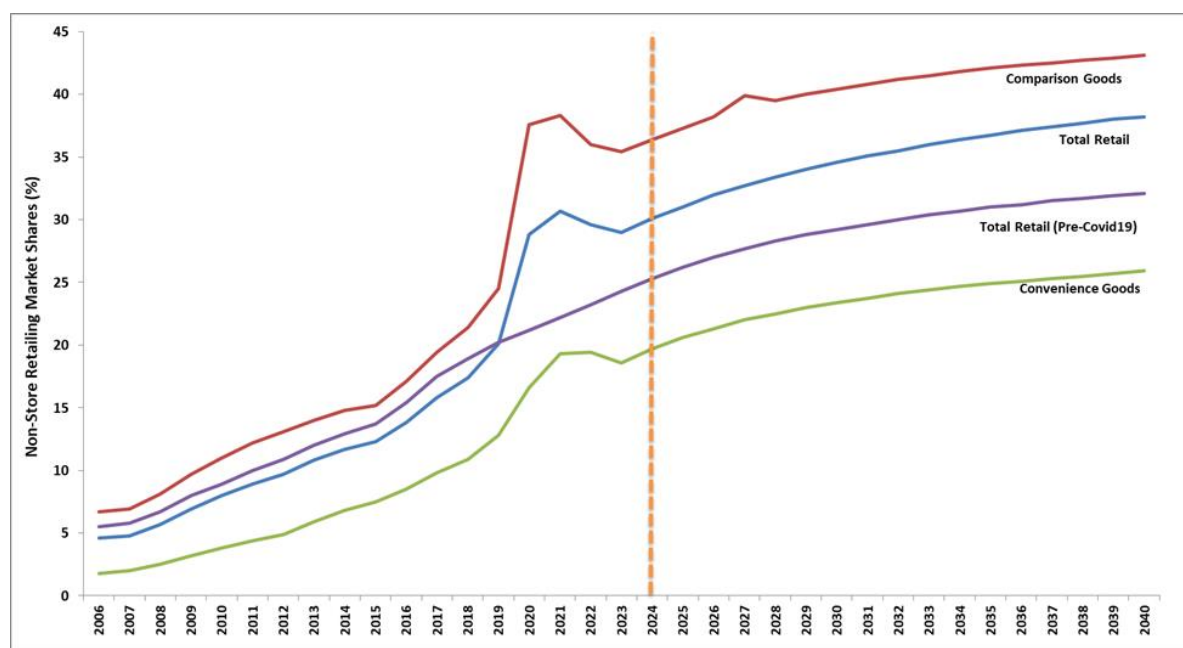
NON-STORE (INTERNET) RETAIL SALES

2.10 The growth in non-store⁸ retail sales, and principally internet shopping, has undoubtedly had the most significant sustained impact on consumer spend and behaviour over the last decade, with direct consequences for the performance of our high streets and traditional shops.

2.11 The market share of non-store retail sales, as a percentage of total sales, increased from under 5% in 2007 to 30.7% in 2020⁹. More detailed figures produced by the *Office for National Statistics* (ONS) show that internet's market share peaked at a record high of almost 38% at the height of the pandemic (February 2021). Although non-store sales fell back slightly to 29.6% in 2022, Experian forecast they will increase to 34.6% by 2030 and to 38.2% by 2040.

2.12 As the figure below shows, the growth in the market share of non-store sales for convenience and comparison retail broadly mirrors the national trend. It also shows the impact of the pandemic on Experian's (pre-pandemic) forecasts.

Figure 3.4: Non-Store Retail Sales - estimated and projected market shares, 2006-2040



Source: Experian Retail Planner Briefing Note 20 (February 2023) Appendix 3 and Experian Briefing Note 17 (February 2020);

2.13 For **convenience goods** the figure shows the market share of non-store sales has increased from 1.8% in 2006 to 19.4% in 2022. Experian forecast the market share will increase to 23.4% by 2030 and to 25.9% by 2040. This trend is illustrated by the fact that the main foodstore retailers have principally focused on the growth of online sales and smaller convenience stores¹⁰ (e.g. Sainsbury's

⁸ Non-store retailing is commonly referred to as Special Forms of Trading (SFT). This comprises all non-store retail sales made via the internet, mail order, stalls and markets, door-to-door and telephone sales. On-line sales by supermarkets, department stores and catalogue companies are also included in the data collected by the Office for National Statistics (ONS).

⁹ Experian Business Strategies (2023) *Retail Planner Briefing Note 20*

¹⁰ Convenience stores are generally small shops of up to 280 sqm (i.e. they fall outside the Sunday trading legislation). They usually stock and sell a limited range of small convenience and food goods that meet the more regular day-to-day needs of households (such as, for example, bread, milk, tinned products, etc.). They also generally sell personal care products, newspapers, tobacco, alcoholic beverages, etc.; and may include ancillary services such as a post office counter, ATM, etc.

Local and Little Waitrose) over the last decade, rather than through major superstore¹¹ development which characterised the previous 30 years (since 1980). Notwithstanding this, the discount food retailers Lidl and Aldi have maintained an aggressive store development programme to increase their market shares and compete with the top 5 superstore operators (namely Tesco, Asda, Sainsbury's, Morrisons and Waitrose).

- 2.14 For **comparison goods** the market share of non-store sales has increased from 6.7% in 2006 to 36% in 2022. Experian forecast the market share will increase to 40.4% by 2030 and to 43.1% by 2040.
- 2.15 The internet is also impacting on how and where people choose to spend their leisure time. Consumers are increasingly turning to digital platforms for entertainment, including video games, streaming services, and social media. This trend was further accelerated by the pandemic, as people were forced to spend more time at home. Streaming services such as Netflix, Amazon Prime Video, and Disney+ have benefited from a surge in subscribers in recent years, and this trend is expected to continue. Furthermore, social media is also a significant contributor to the growth of the digital retail and leisure markets. Platforms like Facebook, Instagram, and TikTok have become a major source of entertainment for many people, particularly younger generations. These platforms have also evolved as important channels for advertising and marketing, as companies seek to reach new consumers.
- 2.16 In summary, whatever the actual growth in online sales and digital platforms, our high streets, town centres, retailers and leisure operators will need to work even harder to retain their existing customer base and attract new customers. The challenge will be to provide attractive places and create experiences that will appeal to existing and new consumers across all ages and socio-economic groupings.

BUSINESS FAILURES & VACANCIES

- 2.17 As described, the retail and leisure sectors have experienced significant impacts from the rise of online shopping, the pandemic and economic “*disruptions*” since 2008. As a result, many high profile retailers have either closed, or have significantly reduced their store portfolios over this period.
- 2.18 The latest Centre for Retail Research (CRR)¹² figures show that over 2,000 stores were forced into administration in 2022, with almost 35,000 jobs affected. This compared with 5,200 stores (109,000 jobs affected) at the height of the pandemic in 2020.
- 2.19 The pandemic has accelerated the structural changes that were already impacting on the sector, resulting in the failure of a number of high profile retailers that were struggling pre-pandemic due to falling sales, increasing costs/debt and poor management. For example:
- **The Arcadia Group** (comprising the high street clothing retailers Burton, Dorothy Perkins, Evans, Miss Selfridge, Topman, Topshop, Wallis and the out-of-town chain Outfit) entered into administration in November 2020, and by February 2021 all of the brands had been sold by administrators to online retailers (mainly ASOS and Boohoo). All the bricks-and-mortar stores closed at the time, resulting in the loss of thousands of jobs.
 - **Debenhams** also suffered a similar fate following financial difficulties that started pre-pandemic, in 2018. In January 2021 Boohoo acquired the Debenhams brand and website for £55m, and closed the remaining 118 stores, resulting in the loss of an estimated 12,000 jobs, after 243 years in business. Boohoo relaunched the website as *Debenhams.com* in April that year.
 - **John Lewis**, after recording its first ever loss in 2020, closed 12 department stores (including anchor stores in Sheffield, York, Birmingham, Watford, Croydon and Newbury) and four ‘At

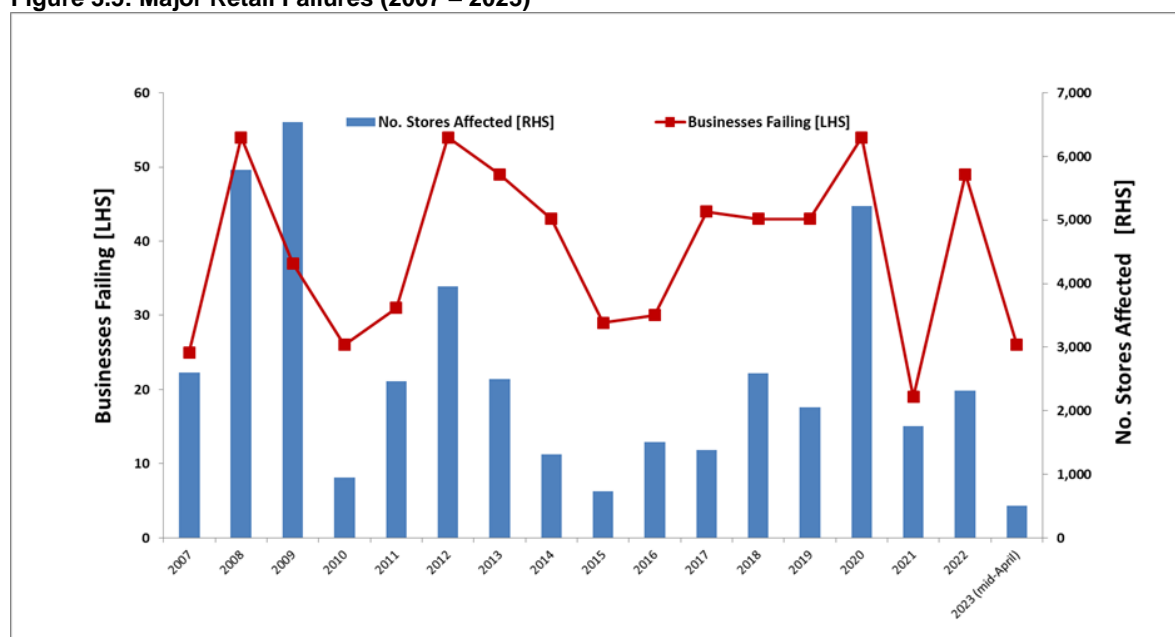
¹¹ Superstores are generally defined as self-service stores selling mainly food, or a mix of food and non-food goods, usually with a trading floorspace of over 2,500 sqm, with dedicated shopper car parking spaces.

¹² Note: where a business has gone through a legal process termed ‘administration’, it should not be taken as meaning that the business has not survived or is no longer trading.

Home' stores in 2020/21 (in Ashford, Basingstoke, Chester and Tunbridge Wells), with the loss of some 1,000 jobs.

2.20 National retailers with extensive high street store portfolios are struggling to maintain market shares in the increasingly competitive environment. The higher costs of trading from high streets, compared with online and out-of-centre retailing, means it is not a “*level playing field*”. These underlying costs (including rents, business rates, service charges, utility bills, staff costs, etc) are outpacing sales growth for many retailers, eroding profitability, and resulting in more store closures.

Figure 3.5: Major Retail Failures (2007 – 2023)



Source: Centre for Retail Research (2023)

2.21 The resultant increase in vacancy rates from business failures over the last 5-10 years further illustrates the challenges that the retail and leisure sectors are facing. According to the Local Data Company (LDC)¹³, the GB average vacancy rate for all retail and leisure increased from 12.1% in 2019 (H2) to a peak of 14.5% in 2021 (H1). Vacancies have since fallen back slightly to 13.8% in 2022 (H2), and of this total:

- The average **leisure vacancy rate** in 2022 (H2) stood at 10.5%, down from a peak of 11.3% in 2021 (H1).
- The average **retail vacancy rate** was 15.3% in 2022 (H2), down from a peak of 15.8% in 2021 (H1).

2.22 In the retail property sector, shopping centres had the highest recorded average vacancy rate of 18.2% in 2022 (H2), compared with traditional high streets (13.8%) and retail parks (9%).

2.23 The strong performance of retail parks reflects the fact that they remain relatively desirable destinations for shoppers and operators due to their convenience, ease of access, free and extensive parking, larger format stores, and their competitive rental values compared to shopping centres and high streets. Retail parks are therefore still an attractive proposition for those retailers seeking space in the current market. For example, as part of its revised business model, Marks & Spencer has closed a number of its traditional high street stores and “*replaced*” these with ‘Simply Food/Food Hall’ branded stores in out-of-centre locations. As a result, retailers who previously

¹³ Local Data Company (LDC) (2023) *FY 2022 Retail and Leisure Trends Analysis*.

anchored the vitality and viability of town centres, are now competing directly in some locations with high streets for shoppers, spend and sales.

- 2.24 In contrast, shopping centres have generally experienced the largest increases in long-term vacant space over recent years. As LSH's recent research explains¹⁴, this has resulted in significant activity in the shopping centre market, as owners (both public and private sector landlords) explore opportunities to acquire, repurpose and redevelop failing centres. The repurposing of large volumes of shopping centre space is increasingly a key part of regeneration activity across the UK. Shopping centres need to be transformed into mixed-use locations with a wide range of commercial, residential and community space. This will enable centres to forge new roles as living, working places at the heart of communities.
- 2.25 Research confirms that many centres and shopping locations across the UK simply have too much retail floorspace stock, and/or they have the "*wrong type*" of retail floorspace that does not meet the needs of modern national retailers for larger format shop units. Some analysts have reported that there may be as much as 30% too much physical space in the retail sector. LSH's recent joint research with REVO and other partners also highlighted that almost two-thirds of town centre stakeholders believe that between 20%-40% of retail space in town centres should be repurposed or redeveloped¹⁵. The LSH/Revo research also confirms that the oversupply of retail floorspace has overtaken business rates as the main challenge for the recovery and renaissance of our town centres.

RETAILER PRODUCTIVITY & SALES GROWTH

- 2.26 As described above it is not a "*level playing field*" for "*bricks-and-mortar*" retailers versus online retailing, or between high street and out-of-centre retailing. This is against a backdrop of weak demand for retail property, high vacancy levels, and a significant fall in new retail-led development in centres across the UK. In response to the budgetary challenges from rising costs and tight margins, retailers are having to drive up efficiencies and productivity from existing floorspace to remain viable. Some of the options include the redevelopment/repurposing of existing floorspace; adoption of new technologies and innovations; more effective marketing strategies; and adopting an 'omni-channel' strategy that uses internet/digital platforms to help increase the sales performance of physical shops.
- 2.27 In this context, it is standard practice for retail planning assessments to make a reasonable and robust allowance for the year-on-year growth in the average sales densities of existing and new (comparison and convenience) retail floorspace for it to remain vital and viable. However, there is limited evidence detailing actual changes in the turnover and profitability of retailers over time. The latest Experian Retail Planner Briefing Note¹⁶ is the main source of information, and it sets out forecasts of annual floorspace productivity growth rates based on two different scenarios:
- (i) the '*constant floorspace scenario*' - based on limited potential for new retail development, resulting in greater efficiency of existing floorspace; and
 - (ii) the '*changing floorspace scenario*' - which takes account of the impact of new retail development on average retailer sales performance.
- 2.28 The table below shows the differences between the two scenarios.

¹⁴ LSH (2022) *Shopping Centre Futures: Putting shopping centres at the heart of regeneration*

¹⁵ LSH / REVO (2023) *From Recovery to Renaissance: What is the future for our towns, high streets and shopping centres.*

¹⁶ Experian Retail Planner Briefing Note 20 (February 2023); Figures 3a/3b and 4a/4b

Table 3.1: Floorspace Productivity Growth Rates (year-on-year growth %)

	2021	2022	2023	2024	2025-2029	2029-2040
CONSTANT FLOORSPACE						
Convenience Goods	-7.2%	-7.7%	-1.8%	-0.3%	0.2%	0.4%
Comparison Goods	5.2%	3.4%	-0.5%	-0.4%	2.1%	3.0%
CHANGING FLOORSPACE						
Convenience Goods	-7.2%	-7.7%	3.4%	2.8%	0.1%	0.0%
Comparison Goods	5.3%	3.4%	-0.1%	-0.4%	2.0%	2.8%

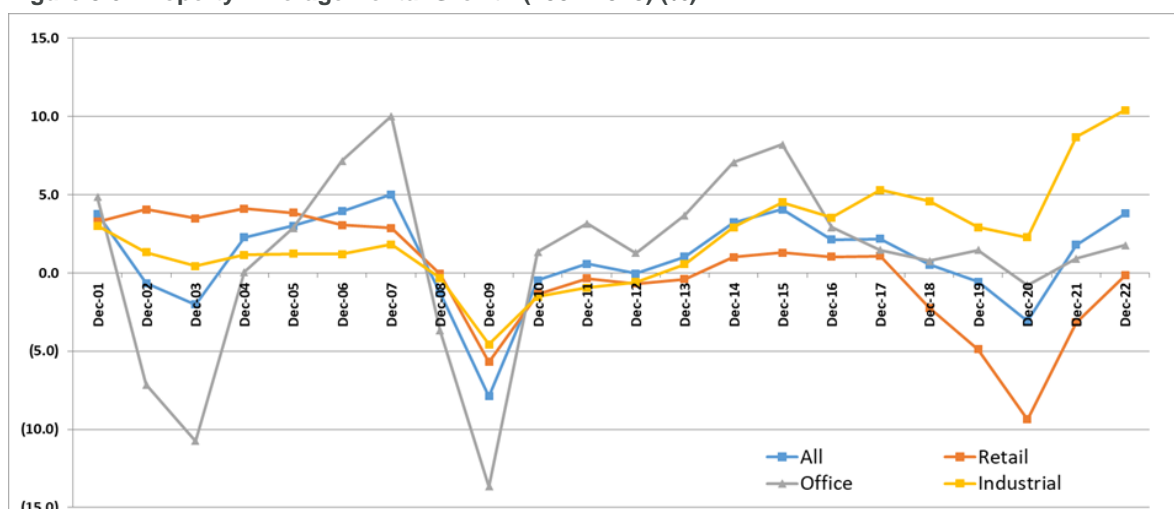
Experian Retail Planner Briefing Note 20 (February 2023)

- 2.29 As Experian explain, sales density growth rates have been volatile in recent years given sharp swings in retail spending due to temporary closures in businesses and social distancing restrictions during the pandemic, and, more recently, the impact of high inflation on costs. Experian forecast weak growth in 2023/24 given the poor near-term outlook for retail sales volumes, particularly in the comparison component, before recovering as spending strengthens. This represents a downward revision on their previous forecasts.
- 2.30 For our retail planning assessments we normally test the higher ‘constant floorspace productivity’ growth rates for retail planning assessments. We consider these growth rates better reflect national and local trends, and also take account of the need for existing retailers to increase their year-on-year sales potential and profit margins to remain viable.

MARKET DEMAND & RENTAL GROWTH

- 2.31 Demand for retail space in centres across the UK has fallen dramatically since 2007 and is currently at an all-time low. The over-supply of retail floorspace, increasing vacancies and limited market demand has also impacted on property values and rents, which is placing further pressures on the viability of shops and shopping centres.
- 2.32 LSH research shows that the retail sector has registered a year-on-year fall in average rents of -4.9% in December 2019, -9.4% in 2020, -3.2% in 2021, and -0.2% in 2022¹⁷. The figure below shows that retail has performed poorly since the 2007/08 economic recession benchmarked against other property sectors. This long-term trend was further exacerbated by the impact of the pandemic and, most recently, by the cost-of-living crisis.

Figure 3.6: Property: Average Rental Growth (2001-2023) (%)



Source: MSCI UK Quarterly Property Index (April 2023)

¹⁷ LSH Research (2023) using MSCI data. All figures are at December in the respective years.

2.33 The fall in market demand and increasing vacancies has also helped to strengthen the negotiating position of the larger retail brands with landlords over new leases and lease renewals. For example, some of the key trends over recent years include:

- (i) An increase in 'turnover rents'¹⁸ rather than traditional contracted rents linked to market value.
- (ii) Shorter leases and regular tenant break options.
- (iii) Capped increases to service charge.
- (iv) Pandemic clauses with rent cessation provisions in case of forced closure.
- (v) Larger incentive packages (including, for example, capital contributions, enhanced handover specifications and extended rent-free periods).

REGIONAL & LOCAL CONTEXT

2.34 Many of the national economic and market trends impacting on household expenditure and shopping/leisure patterns are apparent across Hampshire and the main centres in the Winchester City Council area. Section 3 (and Appendix 1) provides a more detailed review of the key trends for Winchester and the other main centres, and their overall vitality and viability. The following is intended to provide a summary of the economic performance of the region (Hampshire County area) and some of the implications for its main towns (principally Winchester) as they recover from the impacts of the pandemic and the current economic downturn¹⁹.

2.35 Some of the key assets, challenges and economic drivers of change in Hampshire include:

- The County has an estimated population of 2.4 million, a GDP of £79.1bn (equivalent to 4% of the UK economy) and over 1.1 million jobs.
- The County is generally well-connected, and benefits from a good road network (including the M3 and M27) and rail connections to London, the South West, and the Midlands. Although there are some road congestion issues.
- Like elsewhere the post-Brexit, post-pandemic recovery of the region's economy, labour market and town centres has been dampened by the current cost-of-living crisis.
- Notwithstanding this, employment levels across Hampshire are generally high at 82.5%, compared to the England average of 75.5%. Youth unemployment (those aged 16-24) is also low at 8.8%, compared to the England average of 11.3%.
- Hampshire also has a higher proportion of employees in the highest skill occupations than the UK as a whole, whilst almost half the workforce are in professional occupations.
- Most of Hampshire is now above pre-pandemic employment levels, with The Isle of Wight, the Central part of Hampshire (i.e. East Hampshire, New Forest, Test Valley and Winchester) and Southampton showing the strongest recovery and ahead of the UK recovery.
- Housing and utilities costs form the largest category of consumer expenditure (31%), and this increased by +8.6% between April 2021 and April 2022.
- House prices are significantly above the national average (by more than +40%) in Winchester, Hart, East Hampshire and the New Forest, and below the average in Southampton, Isle of Wight, Portsmouth, and Gosport.

¹⁸ Turnover rent typically means a tenant pays a discounted market rent as a base rent plus a 'turnover rent' on top, which is an agreed percentage of the tenant's gross turnover above the base rent/an agreed threshold.

¹⁹ This overview draws on difference sources and datasets including: *Hampshire Economic Strategy* (January 2023) prepared by Hampshire County Council; Office for National Statistics; *A Prospectus for Change in Pan-Hampshire: Updated Technical Annex* (July 2022); *Winchester District Ten-Year Green Economic Development Strategy* (2021) prepared by Urban Foresight and Third Life Economics.

- There is a need to deliver a mix of new homes across the County that are affordable for a growing population.
 - There has been a downturn in demand for commercial property since the pandemic, and particularly for offices due to the continued trend for home and hybrid working.
 - The training and education system is strong, and the population is relatively healthy, although this does vary across the region.
 - The population is ageing, in line with national trends, with consequent impacts on healthcare and a declining working population²⁰.
 - There is a need to improve digital connectivity to support and sustain growth opportunities, particularly in more rural areas.
 - Hampshire is one of the nation's most visited counties. The county area annually attracts some 3.6m domestic and overseas staying visitors spending £676m. A further 1.4m day visitors spend £1.5bn per annum²¹.
 - The County has a substantial stock of serviced and non-serviced accommodation, including 160 hotels with some 9,200 rooms. Much of the hotel stock is of a high standard and includes five 5 star hotels.
- 2.36 Benchmarked against the national and County socio-economic performance metrics, Winchester is a relatively strong performing district²². It is home to global and national technology businesses like Arqiva and IBM, and there are opportunities for investment in new regeneration and housing projects.
- 2.37 Although the economic impacts of the pandemic were significant, especially in hospitality, retail and leisure-related sectors, Winchester was less severely impacted than Hampshire as a whole (this is supported by the findings of the health checks set out in Section 3). Aligned with national trends, the pandemic has also accelerated local trends towards digitalisation, online retail, demand for open space, and interest in active healthy living agendas.
- 2.38 The District's economic vitality and high quality of life mean that pockets of deprivation are small according to the Index of Multiple Deprivation (IMD). However, there are housing affordability challenges and the need to deliver more homes in the right places, aligned with the commitment to reaching net zero carbon emissions.
- 2.39 Like many parts of the country, Winchester's towns and high streets are changing and adapting to long term structural trends in the retail and leisure sectors, and the recent impacts of the pandemic and economic downturns. On a positive note, average retail vacancy rates in Winchester's centres are below the national average (see Section 3).
- 2.40 Changes in working practices during the pandemic have resulted in more people working from home and visiting their local centres than before, which creates challenges for the office sector, but opportunities for centres and high streets to benefit from increased local trips, footfall and activity.
- 2.41 These opportunities should be maximised through carefully planned initiatives, including targeted mixed-use regeneration/repurposing projects, the promotion of leisure, cultural and hospitality activity and events, and the provision of more flexible workspace and meanwhile uses.

²⁰ ONS data shows that the retirement age population has increased from 13% in 1981 to 22% in 2020, and is forecast to increase to 28% by 2040.

²¹ Source: VisitBritain (2019), referenced in Hampshire Economic Strategy (2023).

²² *Winchester District Ten-Year Green Economic Development Strategy* (2021) prepared by Urban Foresight and Third Life Economics.

SUMMARY

2.42 In summary:

- The last 5-10 years have been a very difficult period for the retail industry.
- **Internet sales** have been impacting the “*bricks-and-mortar*” retail sector for more than a decade.
- The **pandemic has accelerated changes in consumer behaviour** that were already reshaping the sector, and has put a renewed spotlight on the future of town centres.
- The **UK’s towns and cities have more retail space than they need**. Innovative ideas are needed to rethink, reinvent and repurpose the UK’s towns and shopping centres so that they are fit for purpose in the post-pandemic world.
- Following the pandemic, the current cost-of-living and energy crisis precipitated by Russia’s war in Ukraine has “**squeezed**” **real disposable household incomes and increased housing costs**. This has negatively impacted on spend on retail goods and leisure services.
- The **increase in costs of retail goods is also now being passed onto consumers**. As a result, spending on discretionary items and “bigger ticket” items is likely to see the largest fall, including spend on larger household items such as carpets, furniture and white goods.
- **The pandemic impacted on the sales and viability of a wide range of retail, catering and leisure formats**. Many businesses are still carrying debt, and this has been further exacerbated by rising operational costs and labour shortages precipitated by the economic downturn since 2022. This has resulted in numerous high profile retail business failures both pre and post pandemic.
- Consumer and work behaviour has also changed significantly during the pandemic, with more people choosing to work from home and visit local shops and services. In general terms **this shift in consumer demand has benefited smaller centres and local neighbourhood locations with strong residential (“walk-in”) catchment populations**.
- One of the obvious impacts of the difficulties experienced within the retail sector is the **fall in retail rental values**.
- Notwithstanding the impact of the pandemic and current challenges, there are some **positive signs within the retail and leisure sectors**. For example:
 - There has been increased **demand for neighbourhood and convenience retail**, particularly from independent service-orientated retailers.
 - **Use Class E has allowed flexibility** and for certain occupiers, previously outside of the former A Use Classes, access to primary retail (such as, for example, former Class D1 and D2 uses, including the commercial health, beauty and wellbeing sub sectors). This has helped to alleviate vacancy rates in some centres.
 - The **NHS is increasingly taking redundant retail** space in shopping centres and high streets locations. Examples include proposals for the Pentagon Centre, Chatham (Kent); Victoria Centre, Southend (Essex); and the Swan Centre, Eastleigh (Hampshire).
 - There is **greater leasing activity** within the independent restaurant sector, particularly for fitted restaurant space, thereby mitigating capital expenditure. External seating areas are now particularly sought after by operators.
 - The **leisure sector is also evolving**, and new “*competitive socialising*”²³ concepts are seeking sites particularly in larger urban areas.

²³ There are many popular forms of competitive socialising, from high to low tech. These include: crazy golf; bowling; axe throwing; escape rooms; indoor cricket and darts. However, this is by no means a definitive list, as new trends are constantly emerging.

2.43 However, the outlook for the **retail, leisure and hospitality sectors remains uncertain**. The cost-of-living crisis, staff shortages, rising inflation, interest rates, and energy costs suggest it is likely to take a good deal of time for the economy and retail sector to stabilise, and for the “*new post-pandemic normal*” to be properly understood. What is clear is that the unprecedented nature of these issues means all forecasts will be subject to greater than usual uncertainty.

3. TOWN CENTRE HEALTH CHECKS - REFRESH

- 3.1 This section sets out the findings of the health check *refresh* for Winchester and Whiteley Town Centres, and the three District Centres of Bishop's Waltham, New Alresford, and Wickham. The detailed health checks and audits for the main town and district centres are set out in Appendix 1.
- 3.2 The health check *refresh* is based on a review of the Key Performance Indicators (KPIs) detailed in the NPPG²⁴ and originally covered by the 2020 RLTCUS. The health checks have been updated using LSH research and in-house datasets²⁵, supplemented by other available evidence and site visits to each centre in April/May 2023, as well the feedback received as part of the stakeholder engagement undertaken as part of the Stage 1 work. This *refresh* will help assess and identify any significant impacts of the pandemic and current economic downturn on the findings of the original SWOT assessments for each centre.
- 3.3 This section also provides a summary of the offer and role of Winchester's five Local Centres (namely Andover Road/ Stockbridge Road, Denmead, Kings Worthy, Oliver's Battery, and Weeke) based on the available evidence and site visits. It should be noted that the 2020 study only focused on Winchester's town and district centres and did not include an assessment of Winchester's smaller Local Centres.
- 3.4 The following provides a summary of the health check *refresh* findings:

TOWN CENTRES

- 3.5 The two main designated town centres in the local authority area are Winchester and Whiteley. Winchester is a 'Sub-Regional Town', as defined in the adopted Winchester Local Plan, and serves as the administrative centre and main shopping destination for the District, as well as attracting visitors and tourists from across the UK and abroad. Winchester is characterised by its strong heritage and architecture, with the Cathedral at its heart. In contrast, Whiteley is a modern shopping centre and is designated as a 'Town Centre' in Policy DS1 of the Local Plan.

Winchester

- 3.6 The 2020 study described Winchester as an attractive, historic and well-established commercial and business centre, characterised by low vacancy rates and successful street markets. The centre comprised high quality retailers, and a good mix of national multiples and independent retailers. However, the 2020 study also highlighted that the centre suffered from congestion, a limited choice of larger format units, and a limited leisure service offer. These challenges are explained by the town's heritage, historic buildings and street patterns, and conservation area status, which has limited the potential for significant new redevelopment.
- 3.7 The health check *refresh* has identified the following key performance indicators (KPIs) for Winchester (see Appendix 1 for more detail):
- The centre has 364 outlets and a total estimated floorspace of 69,816 sqm²⁶.

²⁴ Paragraph 006. Reference ID: 2b-006-20190722

²⁵ The in-house datasets include Experian Goad Reports for Winchester, Bishop's Waltham and New Arlesford (2022); a PMA PROMIS Report for Winchester (April 2023); and Datscha (April 2023) footfall analytics for Winchester, Whiteley and the larger District Centres of Bishop's Waltham, New Arlesford and Wickham.

²⁶ The outlets and floorspace in Winchester are derived from the latest available Experian Goad Category Report. Please note that the floorspace figures quoted are derived from Goad plans, which only show the footprint floorspace. They should not therefore be read as a definitive report of floorspace but do provide a useful means of comparison between centres.

- There are 123 comparison (non-food) shops trading from a total gross floorspace of 25,204 sqm, and 28 convenience outlets (4,692 sqm).
- The comparison retail offer (measured as a proportion of total outlets and floorspace in the centre) remains above the UK average, whereas convenience provision remains below the national average.
- Although the balance of diversity of uses has remained broadly unchanged, the overall number of comparison retail outlets has fallen since 2018 (from 132 to 123 outlets). This reflects a long-term national trend, which was further accelerated by the pandemic, and has resulted in the closure of many high profile retailers (see Section 2).
- The number of vacancies as a proportion of total outlets has increased since 2019 to 10.4% but remains below the UK average of 13.8%²⁷.
- A number of prominent vacant buildings, such as the former Debenhams building, are to be repurposed, which should help to reduce the overall vacancy level.
- Retail representation remains very strong, particularly for comparison retail. The town continues to support a number of popular high street brands, despite the closure of Debenhams. The quality of offer is notably pitched towards mid-market to premium high street brands.
- The town's food and beverage (F&B) offer is particularly strong, and there is a good range of F&B chains catering for all needs, from affordable to premium brands.
- Independents continue to be a key feature for the town centre both in terms of retail and F&B.
- Demand for space is strong. The latest published *Retailer Requirements List*²⁸ reported interest from 36 retail and leisure operators for representation in Winchester. This included interest from a number of popular fashion, lifestyle and F&B brands.
- Prime Zone A retail rents have fallen in value since 2017, from £180 per sqft to £140 per sqft²⁹. However, this should be placed in the context of falling national rental values over the same period (see Section 2). Winchester is also still performing better than other centres in the region, including Eastleigh (£30 psf), Andover (£34 psf), Newbury (£60 psf), Bracknell (£80 psf), and Basingstoke (£100 psf). Its top Prime Zone A rents are below those achieved in Southampton (£230 psf) and only slightly below the reported levels for Reading (£150 psf). This is to be expected given the relative scale, choice and quality of retailing in these centres.
- The evidence shows footfall is highest along the High Street, George Street and Upper Brook Street, which reflects the concentration of retail uses in these areas³⁰. Post pandemic, footfall levels have been increasing on the high street since the end of 2021.
- Reported crime rates increased in the town centre during 2022 and peaked in January 2023, since when they have fallen back in subsequent months³¹.
- The main barriers to business growth include the affordability of rents and business rates in the town centre, and a general lack of suitable accommodation to support market demand from potential new occupiers.
- The Harper Dennis Hobbs (HDH) *Vitality Ranking 2022* determines the health of high streets and shopping centres by analysing a number of factors, including vacancy rates, residents' movement and suitability to local consumer demands³². The ranking includes a list of 1,000 retail centres. The latest data for 2022 ranks Winchester 38th. This represents a slight fall in position from 34th in 2021, but a significant improvement from 2019 when the town was ranked 61st. Winchester sits just behind Leamington Spa (37th) in the national ranking. Apart from

²⁷ As reported by both Experian Goad and the Local Data Company (LDC) (2022 data)

²⁸ see Appendix 1: Table 2.3 – data relates to April 2023

²⁹ Sourced from latest PMA PROMIS Report for Winchester

³⁰ Source: Datscha

³¹ Source: <https://crimerate.co.uk/>

³² It should be noted that the previous 2020 report reviewed Winchester against Javelin's VenueScore centre rankings. This report and ranking is no longer in circulation and is therefore not considered in this evidence update.

Winchester, there are 18 towns in the South East in the top 50 national ranking. Winchester is above Guildford (49th), but below Sevenoaks (7th), Brighton (20th) and Milton Keynes (24th). Beaconsfield is the top performing centre in the rankings.

- 3.8 Overall, Winchester remains a vital and viable town centre. There has been little change in the town's performance since the last health check was undertaken for the RLTCUS 2020 despite the economic challenges that have occurred nationwide from the COVID-19 pandemic and the current cost of living crisis. However, ongoing investment is critical for the town to strengthen its sub-regional profile and limit the impact of competition from competing centres. In this context, planned regeneration projects (such as Station Approach, the repurposing of the Debenhams store and the Central Winchester Regeneration project) will be essential to help strengthen Winchester's role as a sub-regional centre and attracting further investment. There is also potential to strengthen its independent offer and offer a diversified range of facilities, such as co-working or experience led retail.

Whiteley

- 3.9 Whiteley is a purpose-built modern shopping centre, which benefits from good accessibility and over 1,300 parking spaces across seven car parks³³. The 2020 study identified that the centre had a good range of national multiples and anchor foodstores (including M&S, Next, River Island, and Tesco). It generates strong trips, footfall and spend. The centre was characterised at the time by low vacancies, an attractive pedestrian area, and the presence of a multi-screen cinema (operated by Cineworld), which has benefitted the wider evening economy. However, there was a relative under-provision of retail and financial services, independents and specialist retailers. Notwithstanding the cinema, the evening economy is restricted by the centre's opening times³⁴.
- 3.10 The health check *refresh* has identified little significant change from the assessment carried out for the 2020 study. The centre continues to support a strong retail and F&B offer. Some of the findings are summarised below (see Appendix 1 for more detail):
- Whiteley has 67 outlets and a total estimated floorspace of 23,260 sqm.
 - There are 32 comparison (non-food) shops trading from a total gross floorspace of 13,482 sqm, and 3 convenience (food) outlets (3,486 sqm). The comparison provision (measured as a proportion of total outlets and floorspace in the centre) is above the national average.
 - The overall mix of commercial uses has remained broadly the same since 2019 and is in line with national trends. There has been a small reduction in the number of comparison (from 34 to 32) and convenience (from 4 to 3) outlets since 2019. In contrast, the number of leisure service outlets has increased (from 16 to 18).
 - The latest available Experian Goad report shows the centre has a vacancy level of 7.4%, which is significantly below the national average (13.8%)³⁵.
 - There has been no significant change to the range of retail and leisure multiples trading in the centre since 2019. The offer generally comprises affordable to mid-range and premium quality high street brands.
 - Footfall is highest in the central and southern parts of the shopping centre, where the key anchors are located (i.e. M&S, Next and Tesco). Measures of footfall in the busiest part of the centre follow a similar pattern to Winchester, with the highest levels recorded in October 2021 and April 2023.
 - Reports of crime peaked in January 2023, similar to Winchester, but have fallen significantly since.

³³ The car parks offer 4 hours' free parking (except Market Square) with the ability to top-up to 6 hours for £2 (excluding Tesco).

³⁴ 9.00 am to 7.00 pm on weekdays and Saturday, and 10.30am to 4.30 pm on Sundays.

³⁵ As reported by both Experian Goad and the Local Data Company (LDC) (2022 data)

- There are no notable barriers to business identified for the centre beyond those that affect businesses in town centres nationally. However, it is likely that main barrier to business growth in Whiteley will be a lack of available space to satisfy market demand.
- In terms of new investment, British Land has planning permission to build a new car park, and there will be opportunities created by new homes being built in Welborne in Fareham Borough.

3.11 Overall, while lacking the range of services that typically support a traditional town centre, Whiteley continues to function as a strong and attractive shopping destination. It remains a vital and viable centre.

DISTRICT CENTRES

3.12 The ‘*District Centres*’ in Winchester, as defined by Policy DS1 of the adopted Local Plan, are Bishop’s Waltham, New Alresford and Wickham.

Bishop’s Waltham

3.13 The 2020 RLTCUS described Bishop’s Waltham as an attractive and historic market town, with a good range of independent shops and limited vacancies. However, the historic and narrow streets do act as a barrier to vehicle access and movement across the centre.

3.14 The health check refresh has updated the main KPIs and identified the following trends (see Appendix 1 for more detail):

- The centre has 79 outlets and a total estimated floorspace of 8,454 sqm.
- There are 19 comparison (non-food) shops trading from a total gross floorspace of 1,384 sqm, and 10 convenience (food) outlets (1,663 sqm).
- The convenience provision (measured as a proportion of total outlets and floorspace in the centre) is above the national average, and comparison provision is below the UK average. The below average provision of comparison goods retail is to be expected for a centre of its size and role as a District Centre.
- Since 2019 the number of comparison outlets has fallen slightly (from 20 to 19), and the number of convenience outlets has increased by one (from 9 to 10). There has also been an increase in service outlets (from 42 to 45).
- The centre has a vacancy level of 6.3%, which is significantly below the national average of 13.8%³⁶. Since 2019 the number of vacant outlets has increased by only one outlet.
- Retailer and leisure representation remains unchanged from the 2020 study. The offer is overwhelmingly comprised of independents, which is to be expected.
- Footfall is highest on the High Street. Levels have remained relatively consistent since March 2020, notwithstanding the impact of the pandemic. This reflects the fact residents shopped more locally during the pandemic due to the change in work patterns (i.e. working from home rather than commuting to work).
- Reports of crime remain very low, with a reported peak in the summer months of 2022.
- There is no discernible change to identified barriers to businesses from the 2020 study. The town’s low vacancy rate is positive, but it could also act as a barrier to attract new business growth in the centre due to the lack of available and suitable outlets.
- The parking provision serving the centre has been increased by the new car park next to Jubilee Hall.

3.15 Overall, Bishop’s Waltham remains a vital and viable centre. It is performing well in its primary role as a day-to-day retail and service centre meeting the needs of its local residents.

³⁶ As reported by both Experian Goad and the Local Data Company (LDC) (2022 data)

New Alresford

- 3.16 The 2020 study described New Alresford as attractive and historic centre with limited vacancies. However, the assessment noted that there was a perception of limited parking and heavy traffic flow through the centre has a negative impact on the shopping environment and experience. There was also a perception that the centre had too many cafés.
- 3.17 The 2023 health check *refresh* identified the following:
- The centre has 72 outlets and a total estimated floorspace of 8,501 sqm. It is similar in size to Bishop's Waltham (79 outlets / 8,454 sqm).
 - There are 29 comparison (non-food) shops trading from a total gross floorspace of 2,787 sqm, and 7 convenience (food) outlets (1,273 sqm).
 - There has been no change in the number of comparison and convenience outlets since 2019.
 - New Alresford has more comparison outlets and floorspace than Bishop's Waltham. Its comparison provision (measured as a proportion of total outlets and floorspace in the centre) is also above the national averages.
 - The latest available Experian Goad data shows the centre has a vacancy level of 4.2%, which is significantly below the national average of 13.8%. Since 2019 the number of vacancies has fallen from 6 to 3 outlets. We understand this is explained, in part, by the conversion of units to non-commercial uses (principally residential).
 - Like Bishop's Waltham, retail and leisure representation in New Alresford remains overwhelmingly led by independents, which is expected for a market town.
 - The highest footfall levels in the centre are recorded on the central section of West Street, which is where the main retail provision is located. Since 2020 footfall levels have been relatively consistent, notwithstanding the impact of the pandemic. Footfall is also strong during the summer months, which reflects the positive impact of tourists (mostly day visitors) on the local economy.
 - Reports of crime remain low in the town centre. Since March 2022 the lowest number of crimes were reported in June 2022, and the highest in February 2023,
 - The same barriers to business identified for Bishop's Waltham also apply to New Alresford; for example, low vacancies and limited available and suitable commercial accommodation will be the main impediment to business growth.
- 3.18 Overall, New Alresford appears to meet the needs of the local people and remains a vital and viable centre.

Wickham

- 3.19 The 2020 study described Wickham as an attractive and historic centre with a strong independent retail and service offer, and low vacancies. However, the centre's limited size and offer results in a restricted shopping catchment.
- 3.20 The health check refresh identified the following:
- Wickham has 38 main outlets and is the smallest of Winchester's defined District Centres³⁷. There are additional small businesses operating within the Warwick Lane premises.
 - The centre continues to function primarily as a food and convenience shopping location, principally serving the day-to-day needs of its local resident catchment population.
 - It also has a relatively good range of comparison goods retail that is likely to be supported by visitor trade.

³⁷ Note there is no Experian Goad data for Wickham. The number of units is based on LSH's audit of the centre. There is no available floorspace data.

- There remains a high number of leisure service uses in the centre, which mainly comprise F&B uses (including a good mix of cafés, restaurants and bars).
- No vacancies were recorded in the centre at the time of LSH's survey. There was one vacant unit identified by the 2020 study.
- The centre has seen the closure of Lloyds Bank and Pages of Wickham (Newsagents).
- Footfall levels are lower than for Bishop's Waltham and New Alresford. The peak flows are in Market Square, adjacent to the Co-op store. As for the other District Centres, footfall levels have been relatively consistent since April 2020, notwithstanding the impact of the pandemic. This reflects the spike in demand for more local "essential" shops and services as the local resident population worked from home and travelled less.
- As with the district's other market towns, the retail and leisure offer is mainly supported by the independent sector.
- Crime rates remain very low in Wickham with a peak of just 5 incidents of crime reported in July 2022.

3.21 Whilst Wickham is the smallest District Centre and has seen the closure of its bank, it remains vital and viable. The centre has a good range of retail and service uses for a centre of its size, and it meets the day-to-day needs of its local catchment population. Tourism (and specifically day visitors) also help to support the centre's vitality and viability.

LOCAL CENTRES

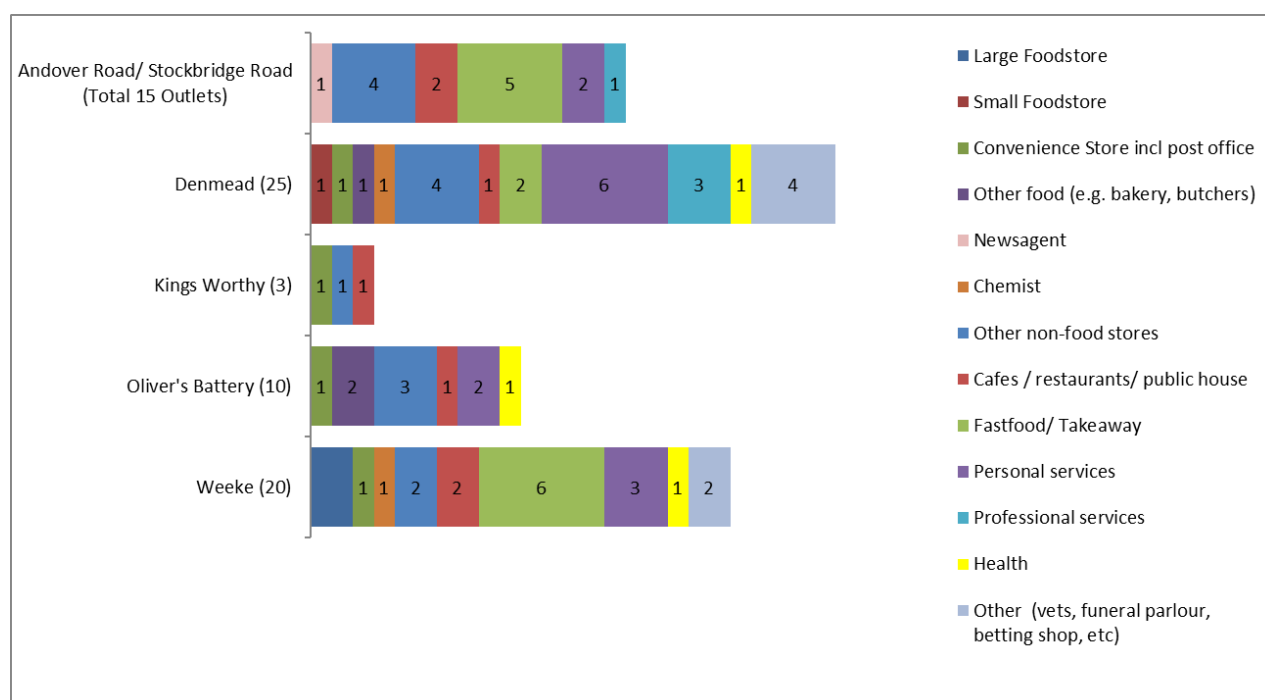
3.22 The 'Local Centres' in the retail hierarchy are defined by Policy DS1 of the Local Plan Part 1 (namely Andover Road/Stockbridge Road, Denmead, Kings Worthy, Oliver's Battery, and Weeke).

3.23 The 2020 study only focused on Winchester's town and district centres and did not include an assessment of these smaller Local Centres. The following sets out our review of each centre's main provision based principally on site visits and audits conducted in April/May 2023³⁸. This review informs our recommendations on the role and function of these smaller centres in Winchester's network and hierarchy of centres.

3.24 The figure below summarises the number of retail, leisure and town centre uses in the five smaller local centres at the time of LSH's surveys.

³⁸ Please note that, unlike for the larger towns and district centres, there is limited published evidence detailing the KPIs for smaller local and neighbourhood centres.

Figure 3.1: Local Centres - Diversity of Commercial Uses



Source: LSH audits of local centres based on site visits (April/May 2023).

3.25 The figure shows how the scale and range of commercial outlets across the defined local centres varies. The main findings for each local are summarised below:

Denmead

3.26 Denmead is a rural village in Winchester District, located some two miles from Waterlooville to the south, and 18 miles from Winchester, to the north west. At the time of our audit there were 25 outlets, making it the largest of the local centres in terms of number of outlets. Denmead has a diverse range of retail, service, and leisure uses, as well as community services.

3.27 The centre does not have a large foodstore anchor but is served by a Southern Co-op store which recently incorporated a smaller Post Office store. Other uses include The Bakehouse, an independent baker; a good choice of cafés, restaurants, takeaways and pubs; as well as a chemists, estate agents, vets and hairdressers.

Weeke

3.28 Weeke is located close to Winchester City Centre (less than 1.5 miles) and is the second largest Local Centre with 19 outlets. The main difference with Denmead is that Weeke has two foodstore anchors; namely Waitrose, off Stockbridge Road, and Aldi, off Burnett Close. This makes Weeke the largest of the local centres based on floorspace. The two main foodstores underpin the overall vitality and viability of the centre, generating sales, linked trips and footfall for other businesses and services.

3.29 Alongside the Aldi and Waitrose stores, the centre also includes a smaller Spar convenience store, incorporating a post office and a mix of independent food and beverage outlets. There is also a Boots pharmacy, a Costa Coffee and a charity shop. The centre is also served by a GP practice (The Friarsgate Practice) in the Waitrose building complex.

Andover Road/ Stockbridge Road

- 3.30 This Local Centre is located adjacent to Winchester town centre and lies just outside the defined Winchester Town Centre boundary. Our audit concentrated on the core area around the road junction which supports 15 commercial outlets. It is noted that existing defined boundary of this local centre is more widely drawn than that of the other local centres, extending beyond the area where the main town centre uses are concentrated. The council may wish to consider whether this remains appropriate.
- 3.31 The centre's offer is more typical of an inner urban neighbourhood centre, compared to Winchester's more rural local centres. The commercial offer in Andover Road/ Stockbridge Road mainly comprises a mix of cafés, restaurants and takeaway outlets. There is also a hairdressers, public house and small off-licence. The small centre does not have any convenience stores to meet the day-to-day needs of local residents and shoppers, although a Co-op lies immediately opposite on the junction of Andover Road and City Road.
- 3.32 The shopping environment is generally poor; characterised by heavy traffic along Andover Road and narrow pavements for pedestrians.

Oliver's Battery

- 3.33 Oliver's Battery is located to the south of Winchester City Centre. It is a small centre comprising ten commercial outlets at the time of our audit. The main uses include a small convenience store (incorporating a post office), butchers, hairdressers, pet store, dental surgery, and café.
- 3.34 Whilst small in scale and offer, Oliver's Battery has an adequate mix of services to meet the needs of its local resident catchment. The shopping environment is pleasant, and provides some dedicated off-street parking, as well as a bus stop directly outside the convenience store.

Kings Worthy

- 3.35 Kings Worthy is the smallest of the local centres. We only identified three commercial outlets at the time of our audit: namely a small convenience store, a public house (undergoing refurbishment), and a kitchen furniture showroom. Other non-commercial uses include a vehicle repair garage (which is not included in the figures). Given the limited offer, it is questionable whether the centre is meeting its role and function as a local centre.
- 3.36 Section 7 provides further commentary on Winchester's 'Local Centres', and whether they are meeting their roles in the network and hierarchy of centres.

4. RETAIL CAPACITY ASSESSMENT - UPDATE

- 4.1 This section sets out the results of the economic retail capacity ('need') assessment update which reviews forecast need for new retail (comparison and convenience goods) floorspace in Winchester and its main centres.
- 4.2 The update follows the same methodology for assessing capacity, which is set out in Section 7 of the 2020 RLTCUS. The assessment period now runs from 2022 to 2040, reflecting the lifetime of the new Local Plan, as required by the NPPF and NPPG, although it should be noted that the longer-term capacity forecasts (beyond 10 years) are less reliable and therefore should be treated with caution.
- 4.3 The purpose of the assessment is to provide the Council with advice on the anticipated need for additional retail floorspace during the plan period. If need is identified, then a range of suitable sites to meet the scale and type of development likely to be required should be allocated in the emerging Local Plan (NPPF, paragraph 90).
- 4.4 If there is no need for additional floorspace, then there is no requirement to allocate sites for development. However, this will not affect whether sites are brought forward through the planning application process. Such applications may come forward for many reasons including qualitative considerations, retailer requirements or because of redevelopment proposals. In such cases applicants are not required to demonstrate need for their application proposals.

STUDY AREA

- 4.5 The capacity assessment update is underpinned by the results of the household telephone interview survey (HTIS) conducted in September 2019 and was commissioned to inform the 2020 RLTCUS. The study area used to inform the 2020 RLTCUS comprises 8 zones, which mainly cover the Winchester City District administrative, as shown in the study plan in Appendix 1. The table below identifies the broad geographic areas covered by each study zone and the ward geography:

4.6 Table 4.1: Study Area and Zones

Zone	Geographic Area	Local Authority Area	Comprising Wards
Zone 1	Central Winchester	Winchester City	St. Barnabas Ward St. Paul Ward St. Luke Ward St. Michael Ward St. Bartholomew Ward
Zone 2	North Winchester	Winchester City	Wonston & Micheldever Ward The Worthys Ward
Zone 3	City South	Winchester City	Badger Farm & Oliver's Battery Ward Colden Common & Twyford Ward
Zone 4	Eastleigh	Eastleigh Borough	Hiltingbury Ward Eastleigh North Ward Eastleigh Central Bishopstoke Ward Chandler's Ford Fair Oak & Horton Heath Ward
Zone 5	New Alresford	Winchester City	Alresford & Itchen Valley Ward
Zone 6	Upper Meon Valley	Winchester City	Upper Meon Valley Ward

Zone 7	Bishop's Waltham	Winchester City	Bishop's Waltham Ward Central Meon Valley Ward Denmead Ward
Zone 8	Whiteley & Fareham	Winchester City, Eastleigh Borough & Fareham District	Whiteley & Shedfield Ward Southwick & Wickham Ward Fareham North Ward Fareham East Ward Fareham North-West Botley Ward

4.7 The findings of the HTIS were analysed against forecasts for population and expenditure rates per head for each study zone to identify how retail expenditure is distributed across the study area and beyond. This in turn informs the level of retail expenditure in the district that is retained to support any potential forecast need for new retail floorspace over the study period.

4.8 The findings of the 2020 RLTCUS market share analysis and capacity assessment have been updated and revised to account for changes in key data variables, including:

- **Population estimates and projections for the study area and zones** – informed by Hampshire County Environment Department's 2022 based *Small Area Population Forecasts* (up to 2029) thereafter projected forward (to 2040) using growth forecasts from *Experian Business Strategies* (EBS)³⁹.
- **Retail expenditure per head by study zone** – based on the latest EBS data for both convenience and comparison goods (at 2021 prices).
- **Retail expenditure growth** - based on estimated percentage annual growth from 2022 onwards based on the latest EBS '*Retail Planner Briefing Note 20*' (RPBN20)⁴⁰.
- **Allowance for Special Forms of Trading (SFT)**⁴¹ – adjustments to retail expenditure per head have been updated in line with SFT market share estimates and growth in market share as published in RPBN20 (February 2023).
- **Sales densities for retail capacity** – based on average sales densities for convenience and comparison goods retail⁴².
- **Floorspace productivity growth** – Adjustments to sales densities are based on the percentage change in productivity growth published in RPBN20.
- **Committed development** – the assessment takes account of committed retail schemes identified in the 2020 RLTCUS, as well as any other known commitments that have come forward since its publication.

UPDATED AVAILABLE EXPENDITURE

4.9 Appendix 3 sets out the updated total available retail expenditure for convenience goods (Table 3) and comparison goods expenditure (Table 5) based on the application of the most recent population, SFT market shares, and forecast expenditure growth over the study period to 2040.

³⁹ EBS - Location Analyst Geographic Information Systems (GIS) '*Retail Area Planner Population & Expenditure Dataset 2023*'

⁴⁰ published by Experian Business Strategies in February 2023

⁴¹ Special Forms of Trading (SFT) are non-store retail sales and comprise sales via the internet, mail order, stalls and markets, door-to-door and telephone sales. Online sales by supermarkets, department stores and catalogue companies are all included

⁴² Drawing on published sales estimates derived from Mintel's Retail Ranking and GlobalData.

MARKET SHARE UPDATE

- 4.10 Appendix 4 presents the updated results of the market share assessment for convenience goods expenditure for all forms of convenience goods shopping and shows how study area expenditure is distributed across key centres. It also shows where study area expenditure is “leaking” to competing centres outside of the study area.
- 4.11 Similarly, Appendix 5 presents the updated results for comparison goods retail expenditure, and against the different categories of comparison goods expenditure.
- 4.12 The table below compares the updated market shares by centre against those identified in the 2020 study.

Table: 4.2: Revised Retail Market Shares

	Convenience Goods		Comparison Goods	
	2020 RLTCUS	2023 Update	2020 RLTCUS	2023 Update
Winchester Town	5.6%	6.0%	12.7%	12.8%
Whiteley Town Centre	2.4%	2.5%	1.8%	1.9%
Bishops Waltham District Centre	3.4%	3.5%	1.3%	1.3%
New Alresford District Centre	2.0%	1.8%	0.9%	0.7%
Wickham District Centre	1.1%	1.2%	0.3%	0.3%
Weeke Local Centre	7.9%	8.9%		
Oliver's Battery Local Centre	0.0%	0.0%		
Denmead Local Centre	0.4%	0.4%	0.4%	0.5%
Kings Worthy Local Centre	0.6%	0.7%		
Stockbridge Road/Andover Road Local Centre	0.4%	0.5%		
Village centres/ neighbourhood stores	2.5%	2.5%	0.9%	0.9%
Out of Centre	15.2%	15.3%	5.5%	6.1%
WINCHESTER DISTRICT	41.6%	43.3%	23.8%	24.3%
OUTSIDE OF WINCHESTER DISTRICT	50.8%	49.2%	50.0%	49.2%
SFT/ONLINE	7.5%	7.5%	26.3%	26.4%

- 4.13 The differences between the 2020 market share results by centre and the updated market share results are explained by the application of: the updated zonal expenditure per head rates; new population data and forecasts and updated growth rates from RPBN20.
- 4.14 Overall, the District's retained convenience goods market share has increased from 41.6% to 43.3% and for comparison goods from 23.8% to 24.3%.
- 4.15 The updated market shares have been adjusted to exclude *Special Forms of Trading* (SFT) in compliance with standard approaches. The revised market shares are set out in Appendix 6 (Table 1) for convenience goods, and Appendix 7 (Table 1) for comparison goods.
- 4.16 The adjusted market shares are then applied to the updated available retail expenditure forecasts identified for the study area/zones (Tables 3 and 5, Appendix 3). This helps to establish the forecast turnover/sales of centres in the study area and competing centres beyond the study area based on the survey-derived market shares (refer to Appendices 6 and 7).

EXPENDITURE INFLOW

- 4.17 Expenditure inflow represents expenditure captured by stores and centres in Winchester City that originates from outside the defined study area. This includes, for example, expenditure generated from tourists and visitors, students (that do not reside in the study area), commuters and those visiting on business, and passing trade.
- 4.18 The update applies the same expenditure inflows assumed by the 2020 RLTCUS (refer to Table 1 of Appendices 8 and 9).
- 4.19 Applying the expenditure inflows to the market share derived sales estimates provides the total derived turnover for the main study centres at the base year (2022) and the study period assessment years. This is set out in Table 1 of Appendices 8 (convenience) and 9 (comparison).

RETAIL FLOORSPACE COMMITMENTS

- 4.20 The next stage in the retail capacity assessment takes account of the retail floorspace and predicted turnovers of all the major food and non-food commitments and policy-led floorspace allocations in the study area.
- 4.21 Convenience commitments are listed in Table 2, Appendix 8, whilst committed comparison goods floorspace is set out in Table 2, Appendix 9.

FORECAST CAPACITY FOR NEW RETAIL FLOORSPACE

- 4.22 The forecast capacity for new convenience and comparison floorspace in Winchester City district over the plan period to 2040 is then set out in Tables 3 of the same appendices. The expected change in available expenditure is set against the anticipated increase in floorspace provision, with the difference providing an indication of unmet capacity. The results are summarised below.

Table 4.3: Winchester City - Retail Capacity (net sales area)

CONVENIENCE RETAIL CAPACITY	2024	2029	2032	2034	2036	2040
Residual Convenience Goods Expenditure (£m):	-£8.0	£4.7	£4.2	£4.7	£4.4	£3.8
Convenience Floorspace Capacity (sqm net):	-867	516	452	507	473	395
COMPARISON RETAIL CAPACITY	2024	2029	2032	2034	2036	2040
Residual Comparison Goods Expenditure (£m)	£0.0	£8.8	£7.7	£6.6	£6.5	£6.4
Comparison Floorspace Capacity (sqm net):	-7	1,401	1,121	906	847	741

- 4.23 The capacity forecasts show no capacity for either convenience or comparison floorspace until 2029. By then capacity for an additional 516 sqm net of convenience floorspace is identified and 1,401 sqm net of comparison floorspace.
- 4.24 Although capacity forecasts beyond a 10-year period should be treated with great caution, the assessment shows that capacity diminishes after 2029 up to the end of the plan period in 2040. This is due to a combination of comparatively low rates of growth across both retail goods types, and high levels of floorspace productivity growth (as set out in RPBN20).
- 4.25 In relation to **convenience goods**, the updated results are broadly comparable to the 2020 RLTCUS which identified a need for 795 sqm net by 2034 and 634 sqm net by 2036.

- 4.26 The difference in the **comparison forecasts** is greater. The 2020 study forecast capacity for 2,961 sqm of new comparison goods floorspace by 2029, compared with 1,401 sqm based on the updated assessment. As described above, this difference is explained by a combination of comparative low rates of long term growth for comparison goods, and high levels of productivity growth for existing floorspace. This reflects the squeeze on household spend that has been seen since 2020 and increased online sales, which together mean spend in stores will increase more slowly than previously anticipated.
- 4.27 It should be noted that although the capacity forecasts take account of all known planned and committed retail (comparison and convenience) floorspace in the district at the time of preparing this study, they do not take account of vacant retail floorspace. It is reasonable to assume for the purpose of this assessment that a proportion of the more modern vacant floorspace could potentially take up some of the residual convenience goods floorspace capacity identified in the update over the short to medium term, particularly in prime and sustainable shopping locations. However, this approach to addressing forecast capacity will mainly be suited the occupation of floorspace by smaller convenience stores.
- 4.28 We have disaggregated **convenience goods floorspace capacity by centre** based on the distribution of retained study area expenditure. The full assessment is set out in Tables 4-12 (Appendix 8) and is summarised in the following table.

Table 4.4: Convenience Retail Capacity by Centre

	2024	2029	2032	2034	2036	2040
Winchester Town	-322	-194	-219	-227	-242	-273
Whiteley District Centre	195	483	476	483	484	485
New Alresford District Centre	-4	48	53	61	60	60
Bishop's Waltham District Centre	79	127	131	148	153	160
Wickham District Centre	94	233	230	233	233	233
Weeke Local Centre	-134	163	140	138	122	88
All Other Local/Smaller Centres & Local Stores	67	173	171	178	178	175
Rest of District/Out of Centre	-842	-516	-529	-507	-515	-534
Winchester District – TOTAL:	-867	516	452	507	473	395

- 4.29 As the table shows, forecast need for new convenience floorspace is broadly spread across Winchester's centres and retail areas. The overall level of need at centre level is relatively small. For most centres the forecast need would support a small format convenience store at most. The capacity figure for Whiteley is slightly higher, reflecting the current draw and market share of the centre and the increasing population in the area. However, much of the need could be met either by the extension of one of the foodstores currently trading in the area, or by a change in the mix of floorspace provided by them.
- 4.30 The negative capacity shown for Winchester Town Centre reflects the lower market share of the centre for convenience sales and the convenience floorspace already committed at Station Approach.
- 4.31 In terms of **comparison goods floorspace capacity by centre** the floorspace requirements are shown below, with the full assessment tables provided in Tables 4 to 12 of Appendix 9.

Table 4.5: Comparison Goods Retail Capacity by Centre

	2024	2029	2032	2034	2036	2040
Winchester Town Centre	105	684	509	367	320	233
Whiteley District Centre	171	583	555	542	543	544
Bishop's Waltham District Centre	14	18	14	15	19	26
New Alresford District Centre	9	40	38	38	36	36
Wickham District Centre	30	103	99	96	96	96
All Local Centres	12	39	37	36	37	38
All Other Smaller Centres & Local Stores	25	65	58	51	50	47
Rest of District/ Out of Centre	-374	-131	-189	-238	-253	-280
Winchester District – TOTAL:	-7	1,401	1,121	906	847	741

4.32 This shows the greatest capacity in Winchester and Whiteley centres once allowance is made for committed developments (Table 2, Appendix 9). The amount of space required however is very small compared with the average size of modern comparison stores and could easily be met through the reoccupation of existing vacant space, infill development, change of use applications and/or extensions to existing stores, without the need to identify larger comprehensive development of in-centre or edge-of-centre sites.

SUMMARY

4.33 The 2023 updated retail capacity assessment was informed by current economic data and forecasts on retail expenditure, special forms of trading (SFT), and floorspace productivity growth rates over the study period (2022 to 2040).

4.34 The updated assessment results in minor changes to retail market shares. The main difference with the 2023 update compared to the 2020 RLTCUS assessment is a reduction in the forecast need to support new retail floorspace.

4.35 We advise that any forecast capacity could be met by minor changes to existing floorspace, the reoccupation of currently vacant space, changes of use from other Class E uses, and the provision of small-scale Class E floorspace in new mixed-use developments. There is no clear and obvious requirement to identify larger comprehensive development opportunities within or on the edge of the defined centres.

5. COMMERCIAL LEISURE NEEDS ASSESSMENT UPDATE

- 5.1 This section updates the 2020 commercial leisure needs assessment and specifically the potential need for new leisure uses and facilities in Winchester City over the plan period. This assessment necessarily focuses on the main leisure, entertainment and cultural uses identified by the NPPF (Annex 2). These uses are widely accepted as making a significant contribution to the overall vitality and viability of town centres and should be located in town centres first in accordance with national and local plan policy objectives.
- 5.2 As highlighted in the *Stage 1: Evidence Review*, the Government's reform of the Use Classes Order (UCO) came into effect on 1st September 2020. The table below does not provide a comprehensive list of all the original and revised use classes that relate to town centres, however it summarises the impact of these reforms insofar as they relate to the classification of the main food and beverage, commercial leisure and cultural uses.

Table 7.1: Use Classes Order Update

Original Use Class ⁽¹⁾ :	Revised Use Class ⁽²⁾ :	Use:	Description:
Class A3	Class E	Restaurants and cafés:	Defined as selling food and drink for consumption on the premises.
Class A4	Sui Generis	Drinking establishments:	Includes public houses, wine bars or other drinking establishments (but not night clubs), and drinking establishments with expanded food provision
Class A5	Sui Generis	Hot food takeaways:	Defined as the sale of hot food for consumption off the premises.
Class D1	Class F.1	Non-residential institutions:	Includes, art galleries (other than for sale or hire) and museums.
Class D2	Sui Generis		Cinemas, music and concert halls, bingo and dance halls
Class D2	Class E	Leisure/Recreation (indoor/outdoor)	gymnasiums or area for indoor recreations.
Class D2	Class F.2		Indoor or outdoor swimming baths, skating rinks and outdoor sports/recreations.
Sui Generis	Sui Generis	A use on its own	Theatres, nightclubs, casinos

Source: ⁽¹⁾ Town and Country Planning (Use Classes) Order 1987 (as amended).

Source: ⁽²⁾ Revised Town and Country Planning (Use Classes) (Amendment) (England) Regulations 2020 (SI 2020 No.757).

- 5.3 It is important to understand at the outset that forecasting the need for new leisure uses is more problematic than for retailing, as the sector is highly complex and dynamic. For example, the demand for existing and new leisure uses and facilities is particularly sensitive to changes in economic, demographic, lifestyle and fashion trends. Consequently, the methods developed to forecast the need for new leisure uses are necessarily more flexible and high level.
- 5.4 In this context LSH has developed robust and transparent approaches to assess the needs for new leisure uses based on the following key inter-related workstreams:
- A review of the key trends driving expenditure growth and market demand in the leisure sector over the last decade.
 - An update on any changes to existing leisure provision in the District from what was reported in the 2020 RLTCUS to inform any significant 'gaps' in provision.
 - Any potential changes to leisure participation rates and preferences that were identified across the district in the 2020 RLTCUS household survey.
 - An update on the 2020 RLTCUS economic need assessment undertaken for a selection of leisure categories.
- 5.5 Appendix 10 sets out the economic tables detailing the forecast growth in leisure expenditure. This section provides an update on key leisure trends, current provision and participation in the District and its main centres to help identify the potential (quantitative and qualitative) need for new commercial

leisure uses and facilities over the plan period. As for the retail capacity assessment, all leisure need forecasts should be treated with caution as they are subject to dynamic market and lifestyle trends, and changes in the market demand and investment preferences of leisure operators.

LEISURE EXPENDITURE GROWTH

- 5.6 The leisure sector has not been immune to the economic impacts of the COVID-19 pandemic and the cost-of-living crisis, which has led to the loss of a number of established leisure operators. However, leisure and entertainment activities remain an important lifestyle and entertainment choice for many consumers over other areas of spending, such as retail.
- 5.7 The 2020 assessment of available leisure expenditure for the study area was based on expenditure rates that reflected a more stable economic outlook. The latest estimates and forecasts show major variances in annual expenditure, For example, average expenditure declined by -37.9% in 2020, due to the temporary and permanent closure of many leisure businesses during the pandemic. Leisure expenditure growth recovered in 2021 and 2022 increasing by +30.5% and +27.7%, respectively, as the leisure sector returned to more normal patterns of trading. However, Experian forecast annual leisure expenditure to decline by -5% in 2023 and by -0.2% in 2024, before averaging at an annual rate of growth of +0.95% for the rest of study period (see Table 3 Appendix 10).
- 5.8 The table below presents leisure expenditure per head for the study area and zones by leisure by category, based on Experian’s latest estimates for 2021 (at 2021 prices).

Table 5.1: Leisure Expenditure Per Head by Category – 2021

		Hotels, B&Bs, etc	Culture	Games of chance	Personal Grooming	Recreation and sport	Restaurants, cafes etc	Total
Zone 1	Central Winchester	£402	£387	£238	£98	£266	£1,919	£3,310
Zone 2	North Winchester	£405	£459	£286	£111	£339	£1,633	£3,233
Zone 3	City South	£436	£460	£293	£116	£352	£1,721	£3,378
Zone 4	Eastleigh	£316	£364	£224	£95	£255	£1,503	£2,757
Zone 5	New Alresford	£429	£456	£279	£106	£321	£1,664	£3,255
Zone 6	Upper Meon Valley	£502	£503	£275	£90	£334	£1,654	£3,358
Zone 7	Bishop’s Waltham	£394	£448	£273	£107	£319	£1,616	£3,157
Zone 8	Whiteley & Fareham	£327	£382	£230	£94	£264	£1,513	£2,810

Source: Table 2, Appendix 10

- 5.9 Forecast available leisure expenditure for the study area and zones are set out in Appendix 10 (Table 4) and summarised below. These forecasts take account of changes in expenditure per head and annual growth rates over the study period.

Table 5.2: Forecast Total Available Leisure Expenditure

		2021	2022	2024	2029	2032	2034	2036	2040	Growth 2022-2032		Growth 2022-2040	
Zone 1	Central Winchester	£194.4	£240.3	£235.1	£255.9	£263.9	£268.5	£273.4	£283.7	£23.7	9.9%	£43.4	18.1%
Zone 2	North Winchester	£63.0	£82.5	£81.6	£94.8	£98.6	£100.9	£103.2	£108.0	£16.1	19.5%	£25.5	30.9%
Zone 3	City South	£62.6	£80.1	£76.0	£79.8	£82.9	£84.8	£86.8	£90.9	£2.8	3.5%	£10.8	13.4%
Zone 4	Eastleigh	£234.7	£310.0	£297.7	£328.5	£342.1	£351.6	£361.3	£381.5	£32.1	10.4%	£71.5	23.1%
Zone 5	New Alresford	£37.0	£47.0	£45.2	£50.3	£52.4	£53.8	£54.9	£57.4	£5.4	11.4%	£10.4	22.2%
Zone 6	Upper Meon Valley	£25.0	£31.7	£30.1	£31.4	£32.9	£33.8	£34.7	£36.6	£1.1	3.5%	£4.9	15.4%
Zone 7	Bishop’s Waltham	£110.8	£143.1	£137.3	£146.7	£152.6	£156.7	£160.6	£168.6	£9.5	6.7%	£25.5	17.8%
Zone 8	Whiteley & Fareham	£161.4	£222.8	£227.1	£281.2	£290.8	£297.1	£303.8	£317.7	£67.9	30.5%	£94.9	42.6%
Study Area Total		£888.9	£1,157.4	£1,130.3	£1,268.7	£1,316.1	£1,347.1	£1,378.7	£1,444.3	£158.6	13.7%	£286.9	24.8%

Source: Table 4, Appendix 10

- 5.10 In summary, total available leisure expenditure in the study area is forecast to increase by £158.6m between 2022 and 2032 and by £286.9m by 2040. This equates to percentage increases of 13.7% and 24.8% respectively.
- 5.11 The rest of this section provides an update on the forecast need for new leisure facilities.

Food & Beverage Provision

- 5.12 The food and beverage (F&B) sector includes restaurants, cafés, bars and pubs (former Class A3-A5).
- 5.13 These uses are an integral part of a town centre’s wider offer and economy. A good choice and quality of F&B uses can help to complement other town centre uses, by generating trips, stretching dwell times (i.e. the time people spend in centres), increasing linked expenditure to other shops and businesses as part of the same trip, and strengthening both daytime and evening economies.
- 5.14 The market trends overview of the F&B sector reported in the 2020 RLTCUS was based on a pre-Covid-19 economic outlook. The pandemic had a significant impact on F&B sector as a result of periods of forced closure followed by restrictions on operating capacity due to social distancing requirements. On top of this, Brexit has led to shortages in available service staff. The biggest challenge for F&B operators now though is rising costs associated with the energy crisis and inflationary related cost increases, built-up debt from the pandemic, and a fall in household disposable expenditure.
- 5.15 Industry experts predict the following key trends for the hospitality sector in 2023/24, particularly the dining market:
- A greater move towards a more cost-effective restaurant models and brands.
 - Collapse or sale of brands that are overleveraged and carrying debt, which are likely to be purchased by stronger performing brands.
 - Opportunities for new businesses where landlords offer concessions on rent and premiums.
 - Continued growth in customer demand for ‘quick service restaurants’ (QSR), brand franchising and drive-through formats.
 - Increase in demand for sustainable dining, such as vegan or vegan friendly restaurants, and other formats that promote sustainable credentials (e.g. “slow food”, “low carbon footprint”, etc).
- 5.16 There is also the potential for restaurants and pubs to tap more into the growth in home deliveries, with the potential to reach new audiences and increase turnover at quieter times. The growth in use of delivery apps such as Deliveroo, Uber Eats, and Just Eat has helped many restaurant businesses reach more customers. However, the affordability of these services can be prohibitive, particularly for independent businesses, and it therefore remains to be seen whether the cost-of-living crisis will dampen demand given the associated price premium for this form of takeout service. There may also be changes in operators’ willingness to provide deliveries, as the extra orders can put pressure on establishments trying to also serve their dine-in customers. There are also some concerns that poor standard delivery services can reflect badly on a restaurant.
- 5.17 In terms of expenditure, data from Experian shows average study area expenditure per head on F&B to be between £1,500 and £1,900 per annum (see Table 2, Appendix 10). This accounts for approximately half of total leisure expenditure.
- 5.18 The updated assessment of available expenditure for F&B is set out in Appendix 10 (Table 5) and summarised below. Total available expenditure for F&B in the study area is forecast to increase by over £85m between 2022 and 2032 and by over £154m by 2040.

Table 5.3: Updated Food & Beverage Available Expenditure

	2021	2022	2024	2029	2032	2034	2036	2040	Growth 2022-2032		Growth 2022-2040	
Zone 1 Central Winchester	£112.7	£139.3	£136.3	£148.4	£153.0	£155.6	£158.5	£164.5	£13.7	9.9%	£25.2	18.1%
Zone 2 North Winchester	£31.8	£41.7	£41.2	£47.9	£49.8	£50.9	£52.1	£54.5	£8.1	19.5%	£12.9	30.9%
Zone 3 City South	£31.9	£40.8	£38.7	£40.7	£42.2	£43.2	£44.2	£46.3	£1.4	3.5%	£5.5	13.4%
Zone 4 Eastleigh	£127.9	£169.0	£162.3	£179.1	£186.5	£191.7	£197.0	£208.0	£17.5	10.4%	£39.0	23.1%
Zone 5 New Alresford	£18.9	£24.0	£23.1	£25.7	£26.8	£27.5	£28.1	£29.4	£2.7	11.4%	£5.3	22.2%
Zone 6 Upper Meon Valley	£12.3	£15.6	£14.8	£15.5	£16.2	£16.6	£17.1	£18.0	£0.6	3.5%	£2.4	15.4%
Zone 7 Bishop’s Waltham	£56.7	£73.2	£70.3	£75.1	£78.1	£80.2	£82.2	£86.3	£4.9	6.7%	£13.1	17.8%
Zone 8 Whiteley & Fareham	£86.9	£120.0	£122.3	£151.4	£156.6	£160.0	£163.6	£171.0	£36.6	30.5%	£51.1	42.6%
Study Area Average	£479.2	£623.6	£609.1	£683.7	£709.1	£725.8	£742.8	£778.0	£85.5	13.7%	£154.4	24.8%

Source: Table 5, Appendix 10

- 5.19 Although existing F&B businesses will necessarily need to absorb a significant proportion of this expenditure growth to maintain their viability (particularly to account for inflationary factors and increasing costs), it is reasonable to assume there will be some available residual expenditure to support new F&B businesses in Winchester City.
- 5.20 The 2020 RLTCUS took a cautious view on the potential to support new F&B provision due to concerns that the sector was experiencing some stress from the rapid growth of the casual dining market which resulted in a number of high-profile brands collapsing or scaling back their outlet portfolio. A similar note of caution still applies for similar reasons, as well as uncertainties within the market. In particular, the full impact of the cost-of-living crisis and rising costs on businesses has yet to be realised. For example, investment in the sector is likely to stall due to uncertainties surrounding likely changes to interest rates, energy costs, consumer spending and other economic variables.
- 5.21 Where opportunities for new F&B provision do come forward these are likely to be focused on Winchester Town and Whiteley Shopping Centre. For the former, this is expected to include demand for units from branded operators and independents. As highlighted in the health check assessment for Winchester Town (Appendix 1), seven F&B operators have registered requirements for sites in the town centre over the 12 months to April 2023. For Whiteley, demand will mainly come from branded operators that typically locate in shopping parks. It was noted from a site visit to the centre that Unit 32 was in the process of being fitted out for a new F&B operation.
- 5.22 For Winchester's district centres, if and where demand arises, we expect this will be from the independent sector, particularly for cafés and takeaway outlets.

Health & Fitness

- 5.23 Pre-pandemic, the health and fitness market was growing from strength to strength with the number of facilities in the UK increasing to 7,239 in the year to March 2019 (compared with 6,435 in 2016), and total membership grew by 4.7% to 10.4 million⁴³.
- 5.24 However, the pandemic had a significant impact on the health and fitness market. Establishments were required to close during lockdown periods, and/or operated at low capacity to meet social distancing requirements. This resulted in the number of UK gyms declining from a 10-year peak of 3,674 in 2020 to an estimated 3,060 in 2021⁴⁴.
- 5.25 The impact is even more pronounced on the sector's market value, which fell to £1.32 billion in 2021 from a peak of £2.23 billion pre-pandemic. However, figures for 2022 show that market value has risen to £1.8 billion and the number of gyms has increased to 3,720, which is now higher than pre-pandemic levels. This is a positive sign that the market is recovering⁴⁴, although, there are now uncertainties on how much the sector will grow in light of the current cost-of-living crisis.
- 5.26 The 2020 RLTCUS identified the potential to support one to two new gyms in the District. This was based on the potential to capture new gym members due to the projected increase in population over the ten year period.
- 5.27 For this update it is assumed that the survey-derived participation rates for health and fitness activities will remain constant in future years at 28.2% (2020 RLTCUS, para 8.47). The capacity for potential new gyms therefore increases slightly from the previous assessment, given the expected population increase of around 26,000 between 2022 and 2032 and nearly 32,000 between 2022 and 2040. This increases expected participation rates from 5,294 to 7,332 in 2032 and 9,024 by 2040. However, based on average membership levels, the capacity remains at two new gyms by 2032.

⁴³ *State of the UK Fitness Industry Report* (2019). Leisure DB (formerly the Leisure Database Company). The research is compiled by independent leisure market analysts,

⁴⁴ www.statista.com

- 5.28 We understand that a new gym forms part of the approved masterplan for an office-led mixed use development adjacent to The Forum in Whiteley. A gym operator has not yet been identified and it is likely that a gym at this location will mainly serve workers at The Forum.
- 5.29 However, this in itself may stimulate investment in more budget/ affordable gym offer, which pre-pandemic, was already leading growth in the market alongside boutique/ niche offer.
- 5.30 There are currently no published requirements from mainstream branded gym operators seeking sites in Winchester City. However, we expect that there will be unpublished demand from budget/ affordable gym operators given the gym market is in recovery and those seeking memberships are likely to be drawn to more affordable gym offer.
- 5.31 There is a noted requirement from Pure Padel, which sits within the niche leisure sector and represents an emerging sub-sector of the health and fitness sector. As expected, the operator is seeking a site in Winchester. Generally, we expect that Winchester and surrounding out of centre locations will be the main focus for new health and fitness facilities.

Cinema Need

- 5.32 The 2020 RLTCUS identified no capacity for new cinema screens over the study period (2019 to 2036).
- 5.33 In updating the screen capacity assessment we have considered how the revised population forecasts and updated screen density multiplier affects the projected needs for Winchester City, based on the core catchment area of Zones 1-3, and 5-7. The current cinema provision (and screens) remains unchanged from the 2020 RLTCUS assessment.
- 5.34 Since the 2020 study average screen density per 100,000 people for the South East has changed from 7.4 to 6.6 based on the latest published data source⁴⁵. Applying this to the Winchester City District's population (Zones 1-3 and 5-7), produces the potential need for new for cinema screens, after taking account of existing screens. As the table below shows, there is no forecast need for new cinema screens over the study period.

Table 5.5: Screen Capacity – Winchester City District (Zones 1-3 / 5-7)

	2021	2022	2024	2029	2032	2034	2036	2040
Population - Zones 1-3 & 5-7	115,453	114,627	117,191	121,376	122,505	123,005	123,458	124,383
Screen density per 100,000 people	6.6	6.6	6.6	6.6	6.6	6.6	6.6	6.6
Screen potential	7.6	7.6	7.7	8.0	8.1	8.1	8.1	8.2
Existing screens	11	11	11	11	11	11	11	11
Indicative screen capacity	-3.4	-3.4	-3.3	-3.0	-2.9	-2.9	-2.9	-2.8

- 5.35 However, as highlighted in the 2020 study, opportunities to support new cinema screens will not be led by capacity assessments, but by the state of the cinema market and whether cinema operators are seeking new sites in the City and District.
- 5.36 Currently, investment in the cinema sector is muted as confidence has remained low since the impact of the pandemic. This is reflected by the fact that one of the key operators, Cineworld is facing bankruptcy.
- 5.37 The 2020 RLTCUS concluded that there may be potential to expand or improve existing facilities, such as Cineworld Whiteley, whilst the potential to support a multiplex in Winchester City Centre would need to complement the existing boutique offer (i.e. Everyman Cinema). The former is considered a more achievable prospect given the lower level of investment this would require. The potential to attract a multiplex to Winchester Town is unlikely in the short to medium term, given the apparent lack of screen capacity in the area and significant investment required.

⁴⁵ British Film Institute - 2021 Statistical Yearbook

Gambling Venue Provision

- 5.38 The 2020 study concluded that gambling venues (including casinos, bingo halls, and betting shops) are adequately catered for in Winchester by existing provision in or within a reasonable catchment of the district.
- 5.39 Whilst there are no casino or bingo hall venues in Winchester, there are venues in Southampton (casinos and bingo halls), Eastleigh (bingo halls) and Cosham (bingo hall). There is unlikely to be market demand to attract a casino or bingo hall to Winchester as the district falls within the catchment for the larger venues in Southampton.
- 5.40 Furthermore, only 3.9% of respondents to the household survey stated that they partake in games of chance. With gambling activity increasingly moving to online channels, this provides further reason why there is unlikely to be sufficient consumer demand to support a casino or bingo venue in Winchester.
- 5.41 Betting shops tend to be well provided for in town centres compared to other gambling venues. In common with other types of gambling, betting activity is increasingly moving online. Furthermore, regulatory changes since 2015 has led to a fall in revenue and profit resulting in a fall in the number of betting shops in town centres. As a result, demand for betting shops has been in decline. Experian Goad recorded:
- three betting shops in Winchester Town, which accounts for 0.83% of all commercial town centre units and is below the UK average for town centre representation (1.03%).
 - one betting shop in Bishop's Waltham; and
 - no betting shops in Whiteley, New Alresford and Wickham.
- 5.42 While this may suggest that betting shop provision is underprovided, the presence of betting shops in high streets is a contentious issue due to the perceived social and economic impacts on households. In this context we do not consider there is a need to actively support new betting shop provision in any of district's centres.

Family Entertainment Provision

- 5.43 Family entertainment venues ('FEV') appeal to adults and children. Established activities in the UK include tenpin bowling, roller skating, ice skating, and similar uses. The 2020 RLTCUS household survey found that 23.7% of study area respondents partake in these types of entertainment activities.
- 5.44 The 2020 study reviewed provision for prominent FEV activities such as tenpin bowling venues, ice rinks, and trampoline parks. There is no change from the assessment which identified no venues in Winchester. The nearest facilities are in Basingstoke (for tenpin bowling and ice rink venues) Southampton (tenpin bowling), Eastleigh (for tenpin bowling and trampoline park venues), and Gosport (trampoline park). Hollywood Bowl in Eastleigh was identified in the household survey as the most popular FEV destination by study area respondents. This updated review has not identified any new entrants since then.
- 5.45 Looking beyond traditional FEVs, there is also an emerging market in multi-activity leisure venues. Examples include venues that offer skateboard, snowboarding, BMX, free Ski, parkour, and climbing activities, alongside other activities. Active leisure venues such as those described above typically attract wider families and groups, who are generating 'spin-off' expenditure to other uses and facilities both within and outside the venues.
- 5.46 The combination of activities and specific space requirements for some, mean that such venues are unlikely to seek a town centre location, although providers of individual activities may do so. Examples in Winchester include the climbing walls in Whiteley Town Centre and the out of centre Winchester Sports and Leisure Park. Town centre locations may also be suitable for activities aimed at children, such as soft play or gaming centres and the popular 'Escape Rooms' concept has often been attracted

to secondary properties or upper floors of existing buildings in town centres. Cluecapers in Winchester is a good example of this.

- 5.47 “*Competitive socialising*” is another emerging market that sits within the wider active leisure sector. It is aimed more at adults rather than the families, as the venues usually serve alcohol. Currently, there are no competitive socialising venues in Winchester and there are no published requirements from operators. However, we would expect Winchester to be an area of interest to the competitive socialising market given the student population and the city’s strong evening F&B offer.

Cultural Activities

- 5.48 Cultural activities include a broad range of activities that are focused on the arts and historic attractions. For the purpose of this assessment cultural activities are focussed on theatres and music venues, and historic/cultural attractions.
- 5.49 The 2020 RLTCUS household survey findings highlighted that over half of all study area respondents visit theatres and music venues (54%), with the most popular venues being the Mayflower Theatre in Southampton followed by the Theatre Royal in Winchester Town.
- 5.50 Similarly, over half of study area respondents stated that they visit historical and cultural attractions (52%) with the majority choosing attractions in Central London followed by attractions in Winchester.
- 5.51 A review of cultural attractions in Winchester District did not identify any new venues that could potentially alter the market share of trips made by study area respondents.
- 5.52 Opportunities to support investment in cultural attractions is likely to be more successful in Winchester. However, the current state of the economy is unlikely to support private investment in cultural activities without funding from the public sector. The potential to support new cultural facilities in Winchester could help to claw back trade from competing centres and appeal to visitors. A key focus therefore should be on retaining and strengthening Winchester’s existing cultural offer. This could be achieved, in part, through more/better targeted cultural events and marketing.

Hotels

- 5.53 The 2020 RLTCUS provided an audit of hotel provision across Winchester City district. It identified that provision is strong and largely supports mid-market accommodation in and around Winchester. The study identified 10 hotels including one large guest house (Giffard House) and a restaurant with rooms (Bridge Street House).
- 5.54 A more recent hotel assessment commissioned by the Council to inform proposals for the *Central Winchester Regeneration* project identified 15 venues, which included smaller capacity establishments that were not listed in the 2020 study (including Westgate Inn, Black Hole, and The Cricketers Inn). The report also includes the Holiday Inn at Morn Hill which is outside the centre.
- 5.55 Hotel offer in Winchester’s smaller centres is more limited in terms of bed capacity, but this is to be expected for their size.
- 5.56 In addition to hotel offer, the 2020 RLTCUS highlighted that Winchester has a broad offer in bed and breakfast accommodation. An updated review of bed and breakfast accommodation in the district using online search engines and visitor accommodation websites confirms that there remains a good supply of visitor accommodation offer. There is also good provision of ‘country house’ hotels in the district.
- 5.57 The 2020 study was informed by a *Hotel Fact File* produced by the Council in 2019, which identified that hotel occupation is highest on weekend nights. This reflects the City’s appeal to weekend visitors. This was further confirmed in the 2020 hotel report for the *Central Winchester Regeneration* project.
- 5.58 At the time of preparing the 2020 RLTCUS the Council were also considering a planning application for a 113-bed Travelodge as part of a major mixed-use scheme at Solent Business Park near Whiteley.

Planning permission was granted in March 2020 and the scheme (known as The Forum) is currently under construction. This will complement existing out of centre hotel provision, much of which is geared to meeting the needs of those using the strategic road network through the area.

- 5.59 In terms of a demand from the market, the 2020 study identified that Winchester could be a prime location for a quality mid-market hotel operator, such as Hamptons by Hilton. This remains the case and opportunities for a new hotel should be focused in Winchester to help promote the visitor economy and support other town centre businesses.
- 5.60 The *Central Winchester Regeneration (CWR)* opportunity is an obvious location to support a new hotel, and the 2020 hotel report highlighted the potential to support a “full service” that sits below the market point of Hotel du Vin and pitched as a “lifestyle-oriented boutique or design-led hotel”. In terms of size, the 2020 report considered that a 100-bed hotel could be supported within the CWR, including premium room options (e.g. suites), as well as meeting room facilities and a mini gym. The need for an on-site car park was not identified as a requirement, if dedicated space is available at a nearby car park. Whilst the 2020 study advised that on-site provision is typically required, hotel operators are increasingly accepting sites where parking can be provided off-site.
- 5.61 The 2020 report also identified a number of hotel brands that would fit with the CWR. However, a number of those listed are considered premium offer and have limited presence in the UK or outside of London (e.g. Tapestry by Hilton, MGallery by Accor, Hoxton Hotel, and MamaShelter by Accor). However, other hotel brands listed such as Indigo, Malmaison, and Moxy by Marriott which sit within the mid to premium market could have an interest in locating within the CWR or other areas of Winchester. In addition, the 2020 report highlights the potential for the hotel to be operated by an independent operator. It is noted that Malmaison has opened a number of hotels in sub-regional and regional cities in recent years, including a new Malmaison in York in 2021.
- 5.62 Beyond the CWR, there will be opportunities to support hotel development. For example, the health check assessment identified a requirement in January 2023 from Premier Inn for a new site in Winchester; with the site requirement overview indicating that the operator is considering sites on high street and out of town locations.

6. TOWN CENTRE OFFICES

- 6.1 Offices are an important main town centre use for some higher order centres, including Winchester town, although the demand for office space and future land requirements within the district have been assessed in the separate Employment Land Study (ELS) which has also been prepared by LSH. Notwithstanding this, the implications of the findings of the ELS are considered here along with the likely effects of the introduction of Class E and increased home working following the Covid-19 pandemic.
- 6.2 Winchester town centre is an important office location within the district, providing approximately 28% of total floorspace, with the rest provided in out-of-town locations. However, the current office stock in Winchester town centre is limited in quality, as a proportion of the stock comprises converted heritage buildings where the configuration of the space is constrained.
- 6.3 The amount of office space provided in the town centre has previously been somewhat protected by the Article 4 Direction which was introduced in 2017 to remove the Permitted Development Rights (PDRs) which facilitated the conversion of office space into residential uses without the need for planning permission. However, this Article 4 Direction expired on 31st July 2022, following changes to national legislation .
- 6.4 This is considered in the ELS, which confirms that there has been a loss of office space since the conversion to residential uses was permitted in 2013 but that such rate of conversion slowed after 2014. This suggests this type of office losses are not likely to be significant in the foreseeable future.
- 6.5 The introduction of the 2020 Use Classes Order, also means that office use is now considered to be a Class E use and therefore planning permission is not required for its conversion to other Class E uses. As a result, there have been concerns that the town centre could see further losses of some of its office space.
- 6.6 The ELS seeks to use VOA data to consider this but since the Use Classes is recent it is not possible to identify if there has been an impact. Vacancy rates are also of limited use, as, whilst it would be expected that vacant office space would be the most likely to be converted to another use, it is also dependent upon the building which the office space is located in being a desirable area for retail and in a configuration which allows the premises to function as retail space. Many purpose-built offices would not allow for this to happen, only becoming suitable through additional development or external changes, both of which would require a planning permission and therefore making the ease of moving with the E use class less straightforward.
- 6.7 Also, the retail vacancy rates in Winchester, whilst below the UK average is not at 0% and therefore it would be expected that in most cases new retail occupiers would be more likely to be interested in occupying space designed for retail use, rather than converting office space. Therefore, whilst poorly performing or vacant office space, which can easily be used for retail purposes, may become attractive to retail end users, this is likely to apply to only a very limited number of properties.
- 6.8 It is also relevant that at the same time as changes to the planning system may be making it easier to convert office space to other uses, discussions with stakeholders as part of the Stage 1 work indicated that changes to the Use Classes Order may provide an opportunity to remove some of the older office stock that is no longer meeting the current needs of businesses and allow the development of new offices.
- 6.9 Also, going forward, the demand for office space may decrease as a result of increased Working from Home (WFH) during and following the pandemic. Primary research of office occupiers for the ELS indicates that changing working patterns of office workers forms an important component of the

consideration of future office land requirements. Working practices remain unsettled and a 'new normal' is yet to be established, but hybrid working is continuing to impact both the quantity and quality of companies' space requirements.

- 6.10 However, the LSH Occupier Survey suggests that the employees of smaller companies who are more likely to be based in the town centre, are spending significantly more time in the office than those working for large organisations.
- 6.11 From this we conclude that the overall impact on the office market in Winchester town centre is likely to be limited. Greater flexibility of use may see a small amount of office space converted to other Class E uses, but in practice this is most likely to happen where the office space is no longer suitable for its original purpose but is readily converted to alternative uses. Elsewhere the demand for office space for smaller companies is likely to remain.

7. POLICY RECOMMENDATIONS – REVIEW & UPDATE

- 7.1 The 2020 RLTCUS set out policy recommendations that are relevant to plan-making and decision-taking in the Winchester District area and its centres. The policy recommendations focused on policies that plan, manage and promote the vitality and viability of Winchester City and other centres in the hierarchy over the development plan period.
- 7.2 This section provides recommendations on whether the policy recommendations in the 2020 RLTCUS are still relevant by taking account of the updated evidence presented in earlier sections of this report.

TOWN CENTRE & PRIMARY SHOPPING AREA BOUNDARIES

- 7.3 In setting out policies for the management and growth of centres over the plan period, and promoting competitive town centre environments, local planning authorities are required by the NPPF (paragraph 90(b)) to define the extent of town centres and primary shopping areas and keep them under review (paragraph 90(d)). The difference between the definition of the Primary Shopping Area and Town Centre Boundary is defined by the NPPF (Glossary) as follows:
- **Primary Shopping Area (PSA)** – The defined area where retail development is concentrated.
 - **Town Centre Boundary (TCB)** – The area defined on the local authority's policies map, including the primary shopping area and areas predominantly occupied by main town centre uses within or adjacent to the primary shopping area.
- 7.4 Town centre boundaries and PSAs need to be defined to allow the application of the sequential test, as well as being relevant for local plan policies. We have therefore reviewed and updated the findings and recommendations of the 2020 RLTCUS.
- 7.5 Early versions of the NPPF also included a requirement for local authorities to identify shopping frontages. This was removed in 2018, although current policy guidance continues to indicate that a local planning authority may wish to define primary and secondary frontages (PPG, para 002). However, the change to the Use Classes Order in 2020 means that policies that seek to maintain a minimum threshold for retail use within a frontage, cannot now be implemented. This is because the new Use Class E includes a broad range of activities not just retail and changes of use within Class E can take place without the need for planning permission.
- 7.6 Further, Class E includes uses that are defined as main town centre uses (NPPF, Glossary) and others which are not, such as medical or health services, creche, day nursery or day centre uses and research and development and light industrial (where the use can be carried out in a residential area without detriment to the amenity of that area).

Town Centre Boundaries

- 7.7 The 2020 study recommended no changes to the defined Town Centre boundaries for Winchester, Whiteley Town Centre or the three district centres.
- 7.8 The council could consider the boundary of the Stockbridge Road/Andover Road local centre to assess whether this still remains appropriate. This is particularly relevant given the progress made in developing the ideas for the nearby Station Approach area.

Primary Shopping Areas

- 7.9 The 2020 RLTCUS recommended that PSAs are defined within the emerging Local Plan proposals map for Winchester, Whiteley and the three district centres. It was advised that the PSA be based on

the existing defined primary and secondary shopping frontages for each of the centres, although the PSA should include the entirety of sites that form along the shopping frontages.

- 7.10 PSAs are needed to inform the sequential test for retail floorspace proposals and to establish whether an application site is edge or out of centre. In considering retail proposals, the NPPF defines edge of centre sites as located within 300m of the defined PSA and out of centre sites as beyond 300m of the PSA. As such, it is important to establish PSAs in line with national policy.
- 7.11 It is noted that the emerging Local Plan identifies PSAs for the Winchester, Whiteley and the three district centres. No changes are required to the defined areas.

Retaining Retail Uses

- 7.12 Emerging Local Plan Policy E7 encourages the provision of new main town centre uses within the defined PSAs and is therefore consistent with the current Use Classes Order. However, the policy as published at the Regulation 18 draft stage (November 2022) also states:

“changes of use from the main town centre uses within the Primary Shopping Areas will be permitted where no less than 80% of the Primary Shopping Area frontage will be in a main town-centre use within 25m of the development”.

- 7.13 As indicated above, since the introduction of the 2020 Use Classes Order (specifically Class E), a Council’s ability to control uses within a town centre have been reduced. This is because existing units within Class E can change to another Class E use without the need for planning permission and Class E uses are considerably wider than those defined as main town centre uses.
- 7.14 Therefore, we advise that emerging Local Plan Policy E7 be revised to take account of the introduction of Use Class E and the reference to thresholds for main town centre uses should be removed.
- 7.15 Instead, policy support could be provided for uses which support the vitality and viability of the PSA during daylight hours by including additional text such as

“Proposals for a change of use or the redevelopment of premises away from retail or other Class E uses, will only be supported where it can be demonstrated that:

- i. The proposal will contribute to the centre’s vitality and viability during daytime trading hours; and*
- ii. Proportionate evidence has been provided to demonstrate that the premises are no longer required for retail or other Class E uses.”*

- 7.16 Should the Council also be concerned regarding the possible conversion of retail/Class E units to residential under the new Permitted Development Rights (PDR) introduced on 1st August 2021, then alternative approaches may need to be considered.
- 7.17 PDR permits the change of Class E to Class C3 (residential), subject to prior approval applications. Although it does not apply to Listed Buildings, it can be applied in a Conservation Area (subject to an impact assessment if it involves converting the ground floor).
- 7.18 Since this PDR was introduced, we are aware that some local authorities are bringing in new Article 4 restrictions under the GPDO to prevent parts of their area from being converted. An Article 4 Direction effectively removes national permitted development rights, if warranted and supported by robust evidence. The NPPF provides more detail on Article 4 Directions stating in paragraph 53 that they should only be used to “...avoid wholly unacceptable adverse impacts” such as “...the loss of the essential core of a primary shopping area which would seriously undermine its vitality and viability”. The NPPF discourages against the use of Article 4 Directions across the entirety of a town centre. It

also advocates the use of Article 4 Directions to protect the local amenity or well-being of an area, particularly where there could be a potential loss of local facilities.

- 7.19 The NPPF (paragraph 53) is clear that any case made for Article 4 Directions must be based on robust evidence and should apply to the smallest area possible. This means Local Planning Authorities will need to be very careful where Article 4 Directions are used.

Winnall Employment Area

- 7.20 The 2020 study provided advice on how the Council should manage the provision of town centre uses within the Winnall employment area, with reference to Policy WIN11 (Winnall) of the LPP2. The study recommended that future policy should ensure proposals for retail uses are accompanied by a retail impact assessment, as well as being required to demonstrate compliance with the sequential test.
- 7.21 Similarly, emerging Local Plan Policy 6 (Winnall) makes provision for town centre uses where evidence shows that the use requires an out-of-centre location and that a 'sequential approach' has been applied.
- 7.22 It is recommended that the policy includes a reference to emerging Local Plan Policy E4 (Retail and Main Town Centre Uses), which is discussed below, and this policy's requirement that proposals for main town centre uses that exceed 350 sqm are accompanied by an impact assessment.

LOCAL IMPACT THRESHOLD

- 7.23 The NPPF states that local planning authorities should require applicants to submit an impact assessment if a retail or leisure development is over a proportionate, locally set floorspace threshold. If there is no locally set threshold, then the NPPF default threshold of 2,500 square metres (gross) should be applied.
- 7.24 The 2020 RLTCUS recommended that proposals for retail uses that exceed 350 sqm and are not located in a defined centre should be subject to the impact test. As described above, this has been included within emerging Local Plan Policy E4 (Retail and Main Town Centre Uses), which also requires the sequential test to be addressed.
- 7.25 The 2020 RLTCUS provided commentary to support the recommend threshold of 350sqm for the impact test, which in summary included that:
- Applications to vary conditions at units within retail park units can go unchallenged particularly where they relate to the sale of goods and when restrictions are removed can impact on a nearby town centre; particularly where this occurs cumulatively and
 - New retail stores can draw trade from town centres where they are located edge or out of centre to a smaller centre, such as a district centre. Convenience stores such as local format foodstores (e.g. Tesco Express, Sainsbury's Local) typically trade from units of 350 sqm or more.
- 7.26 This commentary remains relevant and there is no evidence to support any recommended change to the local threshold for impact tests recommended in the RLTCUS 2020. However, as reflected in the draft policy wording of Policy E4, the 350 sqm gross threshold should apply to leisure uses, given their increasing importance in supporting the vitality and viability of town centres. The change to the Use Classes Order also means that the same threshold should apply, given that planning permission would not be required for a leisure use within Class E to be converted to retail use without the need for planning permission.
- 7.27 Proposed Policy E4 also indicates that proposals for town centre uses that will serve a local need and are under 300 sqm (net) in size, would not normally be expected to demonstrate compliance with the sequential and impact tests.

7.28 We do not consider that this element of the policy is necessarily required, as that size of unit would already be under the proposed impact threshold, whilst compliance with the sequential test could be demonstrated through showing local need.

REVIEW OF CENTRE HIERARCHY – DISTRICT & LOCAL CENTRES

7.29 The 2020 RLTCUS considered whether there was a need to adjust the position of the District's main centres within the defined retail hierarchy.

7.30 The study concluded that the District's centres were on the whole fulfilling their respective roles in the hierarchy, with the only exception being **Weeke Local Centre**. Due to the presence of two foodstores in the centre, it commands a larger market share and catchment reach than many other centres in Winchester City, including the three district centres. However, the 2020 RLTCUS noted that Weeke's strong market share and catchment reach only relates to convenience, and its comparison retail market share is more in line with other local centres. The study recommended that the position be reviewed once residential communities are developed out at Barton Farm, which is known as Kings Barton.

7.31 For this study, the Council queried whether Weeke should continue to be defined as a 'Local Centre' in emerging Strategic Policy E3 (*Town Centres Strategy and Hierarchy*), given its draw as a convenience shopping destination. The Council also queried whether other defined 'Local Centres' in Policy E3 warranted their designation, on the basis that some centres provide limited commercial activity.

7.32 The hierarchy set out in Strategic Policy E3 was discussed in the *Stage 1: Evidence Review* and is summarised in the table below:

Sub-regional Town Centre	Winchester
Town Centre	Whiteley
District Centres	Bishop's Waltham, New Alresford, Wickham
Local Centres	Denmead, Kings Worthy, Oliver's Battery, Stockbridge Road/ Andover Road, Weeke

7.33 Unfortunately, there is no recent standard national policy and/or guidance that defines a 'District Centre' and 'Local Centre'. However, the 2005 *Planning Policy Statement 6: Planning for Town Centres* (PPS6) did provide the following definitions:

- **District Centres:** "will usually comprise groups of shops often containing at least one supermarket or superstore, and a range of non-retail services, such as banks, building societies and restaurants, as well as local public facilities such as a library."
- **Local Centres:** "include a range of small shops of a local nature, serving a small catchment. Typically, local centres might include, amongst other shops, a small supermarket, a newsagent, a sub-post office and a pharmacy. Other facilities could include a hot-food takeaway and launderette. In rural areas, large villages may perform the role of a local centre."

7.34 If measured against these definitions, Weeke appears to fall between the two. For example, the centre has two reasonably large foodstores that serve a large catchment. However, it lacks the range of non-retail services that the PPS6 definition expects of a District Centre, such as banks and public facilities. Its proximity to Winchester city centre also limits its comparison offer. Having said that, it does more than meet the definition of a 'Local Centre' (e.g. newsagent, sub-post office, pharmacy, hot food takeaway and dry cleaners). The definition of a 'District Centre' should also not be overly prescriptive given that Winchester's three defined district centres do not support a foodstore beyond the size of a large convenience store.

- 7.35 With the development of Kings Barton it is likely Weeke has increased its market share of convenience goods expenditure. Other town centre uses and businesses in Weeke are also likely to be experiencing an uplift in trade. However, it is expected that demand will drop off to some extent when the planned local centre at Kings Barton is developed out, and particularly if the proposed foodstore is delivered.
- 7.36 On balance, we consider that as opportunities to increase the commercial area of Weeke are limited given surrounding existing uses (housing, public park and education uses) and, with the exception of the two foodstores, the scale and range of town centre uses in Weeke is comparable with some of the other local centres in the Winchester. In this context we consider there is no clear case for upgrading Weeke to a 'District Centre'. The only justification for doing so would relate to the centre's foodstore provision and the associated wider convenience retail catchment. However, given there is no proposed policy difference between district and local centres, we consider that any change to the status of the centre can be reviewed in the future
- 7.37 Section 3 also provided an overview of the current commercial offer in Winchester's other '**Local Centres**'.
- **Denmead** - is the largest of the defined centres based on the number of commercial outlets that support town centre uses.
 - **Kings Worthy** - is the smallest centre and the current boundary definition (in the adopted Local Plan policies map) comprises just three commercial units.
 - **Oliver's Battery** and **Andover Road/ Stockbridge Road** - sit in-between these centres, based on the number and profile of commercial units.
- 7.38 When compared to the 2005 PPS6 definition of a 'Local Centre', we consider that Denmead, Oliver's Battery and Andover Road/ Stockbridge Road broadly fit the definition.
- 7.39 However, Kings Worthy is considered small for a local centre. This, together with other factors, such as the anticipated need to identify additional centres at significant development sites such as West of Waterlooville and Barton Farm, mean that a comprehensive review of the centres and their role in the retail hierarchy would be appropriate once additional centres have been built out and their offer is known.

-----End-----