



The Property People

ISLE OF WIGHT COUNCIL

ISLAND WIDE RETAIL ASSESSMENT 2014

FINAL REPORT

SEPTEMBER 2014

Table of Contents

1	INTRODUCTION	4
2	EXECUTIVE SUMMARY	5
	SHOPPING PATTERNS 2013	5
	UPDATED CAPACITY ASSESSMENT	5
	MEETING THE ISLAND'S SHOPPING NEEDS	8
3	RETAIL PLANNING POLICY GUIDANCE	9
	NATIONAL PLANNING POLICY FRAMEWORK (2012).....	9
	PLANNING PRACTICE GUIDANCE (2014)	11
	PLANNING POLICY STATEMENT 4 PRACTICE GUIDANCE (2009)	11
	DEVELOPMENT PLAN POLICIES	12
4	RETAIL TRENDS	14
	OVERVIEW	14
	GROWTH IN RETAIL EXPENDITURE	15
	CHANGES IN RETAILING	17
	CHARITY & POUND SHOPS, PAYDAY LOANS AND PAWNBROKERS.....	20
5	HOUSEHOLD SURVEY	22
	MAIN FOOD	23
	CLOTHING/SHOES	24
	FURNITURE, CARPETS OR SOFT HOUSEHOLD GOODS	25
	DIY AND DECORATING GOODS.....	26
	ELECTRICAL GOODS	27
	HEALTH, BEAUTY OR CHEMISTS GOODS	27
	RECREATIONAL GOODS	28
	BOOKS, CDS, JEWELLERY OR CHINA	29
6	TOWN CENTRE HEALTH CHECKS	30
	MEDINA VALLEY	30
	NEWPORT	30
	WEST COWES.....	31
	EAST COWES.....	31
	RYDE.....	32
	LAKE.....	32

	VENTNOR	32
	FRESHWATER.....	33
	ISLAND OVERVIEW	33
7	QUANTITATIVE ASSESSMENT	37
	METHODOLOGY	37
	KEY DATA INPUTS.....	38
	ESTIMATES OF CONVENIENCE NEED.....	39
	ESTIMATES OF COMPARISON NEED.....	43
	MAIN VARIABLES IN THE QUANTITATIVE ANALYSIS.....	45
8	STRATEGIES FOR KEY AND SMALLER REGENERATION AREAS	49
	MEDINA VALLEY	50
	RYDE	52
	THE BAY	52
	VENTNOR	53
	WEST WIGHT	53
	LOCALLY SET FLOORSPACE THRESHOLDS	54

1 INTRODUCTION

- 1.1 Carter Jonas LLP has been commissioned by the Isle of Wight Council (the Council) to provide an Island-wide retail assessment that meets the requirements of the National Planning Policy Framework (NPPF), and to inform the approaches to retail in Island Plan documents.
- 1.2 The purpose of the assessment is to provide up-to-date information to inform the preparation of a development plan for the Island and to complement retail studies undertaken in 2008 and 2009. Specific outputs required from the assessment include:
- Assessment of need based on different growth scenarios, and a mechanism for the Council to review and update this, and
 - Implications of the identified need for the town centres across the Island, and in particular town centres in Key Regeneration Areas (Medina Valley, Ryde and The Bay) and Smaller Regeneration Areas (West Wight and Ventnor).
- 1.3 The assessment is supported by a household survey of shopping patterns of residents of the Island which was undertaken by NEMS Market Research in October and November 2013.
- 1.3 The structure of this report is as follows:
- Section 2 comprises an Executive Summary;
 - Section 3 comprises a general overview of relevant national planning policy guidance in relation to retail matters;
 - Section 4 summarises key trends in the retail industry;
 - Section 5 reviews the findings of the latest household survey;
 - Section 6 reviews the findings of the health checks completed in 2009, together with updated information provided by the Council and an overview of retailing on the Island as a whole;
 - Section 7 outlines the results of the quantitative assessment, including sensitivity analysis; and
 - Section 8 proposes strategies for each of the Key and Smaller Regeneration Areas.
- 1.4 Appendices to this assessment include:
- 1 - NEMS Household survey results
 - 2 - Quantitative analysis
 - 3 - Experian Retail Planner Briefing Note 11 (October 2013)
 - 4 - Glossary of terms

2 EXECUTIVE SUMMARY

- 2.1 Isle of Wight Council commissioned Carter Jonas to prepare an update to earlier retail studies. The Retail Study Update is written to inform policy developments across the Island but focuses specifically on the Key Regeneration Areas and the Smaller Regeneration Areas.
- 2.2 It is supported by a survey of the shopping patterns and habits of 1,000 residents of the Island, the results of the latest population projections and mid-year estimates for the Island based on the 2011 Census, and up-to-date expenditure estimates.

SHOPPING PATTERNS 2013

- 2.3 Newport's position as the dominant shopping destination on the Island for comparison goods has strengthened over the last 5 years as other centres have struggled to maintain an attractive comparison goods sector. For example, it now attracts over 50% of all shopping trips for clothing and shoes, and in all other categories of town centre shopping trips, it is a dominant destination.
- 2.4 Four stores dominate main food and grocery shopping on the Island and account for almost 70% of all main food shopping trips undertaken on the Island:
- Tesco Extra, Ryde – 20.8% of all trips
 - Sainsbury's, Newport – 18.6%
 - Morrisons, Newport – 17.9%
 - Morrisons, Sandown – 11.9%.
- 2.5 Whilst there continues to be leakage of spending on comparison goods to the Mainland, this has reduced slightly and as a strong tourist destination, there continues to be an inflow of expenditure on comparison and convenience goods.

UPDATED CAPACITY ASSESSMENT

- 2.6 This updated retail capacity assessment provides estimates or projections of the Island's likely retail "needs" since the previous studies and is consistent with the guidance in the National Planning Policy Framework that local planning authorities to prepare and maintain a robust evidence base of the quantitative and qualitative needs of different business sectors, of which retail is one. It incorporates the most up to date population and expenditure data, as well as applies current growth forecasts. The changes in expenditure reflect the economic conditions which have prevailed since the time of the last study and these continue to have an effect on households' spending. It is evident also that the proportion of expenditure which is undertaken by 'special forms of trading' or specifically the Internet, is greater than previously accounted for and continues to grow.

- 2.7 The retail capacity assessment assumes a constant market share, projecting forward shopping patterns recorded by the 2013 NEMS household survey. The quantitative assessment of the potential capacity for new retail floorspace suggests that there is scope for new retail development on the Island. The tables below summarise the capacity for additional comparison and convenience retail floorspace for the Key and Smaller Regeneration areas expressed in terms of net floorspace, and in the convenience sector, the capacity is expressed in terms of a floorspace requirement for discount retailers and also for large foodstore retailers. It is important to note that the projections are cumulative, and for example, in the Medina Valley, the forecast to 2017 is 4,006 sq m and this rises by 5,939 sq m to 9,945 sq m in 2022.
- 2.8 Capacity beyond 2017 should be treated with caution as the economy is recovering from a deep recession and the solidity of the recovery remains unclear.

Comparison Goods Projections (sq m)

Regeneration Area	2017	2022	2027
1. Medina Valley (Newport, Cowes & East Cowes)	4,006	9,945	15,053
2. Ryde	599	1,488	2,252
3. The Bay (Sandown, Shanklin & Lake)	322	799	1,209
4. Ventnor	50	124	188
5. West Wight (Freshwater and Totland)	39	96	146

Convenience – discount foodstore(s) (sq m)

Regeneration Area	2017	2022	2027
1. Medina Valley (Newport, Cowes & East Cowes)	860	3,168	4,730
2. Ryde	441	1,624	2,425
3. The Bay (Sandown, Shanklin & Lake)	294	1,084	1,618
4. Ventnor	32	116	174
5. West Wight (Freshwater and Totland)	73	270	404

Convenience – large foodstore(s) (sq m)

Regeneration Area	2017	2022	2027
1. Medina Valley (Newport, Cowes & East Cowes)	430	1,584	2,365
2. Ryde	220	812	1,212
3. The Bay (Sandown, Shanklin & Lake)	147	542	809
4. Ventnor	16	58	87
5. West Wight (Freshwater and Totland)	37	135	202

Combined – discount foodstore(s) (sq m)

Regeneration Area	2017	2022	2027
1. Medina Valley (Newport, Cowes & East Cowes)	4,866	13,113	19,784
2. Ryde	1,040	3,111	4,676
3. The Bay (Sandown, Shanklin & Lake)	616	1,883	2,828
4. Ventnor	82	240	361
5. West Wight (Freshwater and Totland)	112	367	550

Combined – large foodstore(s) (sq m)

Regeneration Area	2017	2022	2027
1. Medina Valley (Newport, Cowes & East Cowes)	4,436	11,529	17,418
2. Ryde	820	2,299	3,464
3. The Bay (Sandown, Shanklin & Lake)	469	1,341	2,018
4. Ventnor	66	182	274
5. West Wight (Freshwater and Totland)	76	232	348

MEETING THE ISLAND'S SHOPPING NEEDS

2.9 There are a number of convenience commitments that will meet most of the identified need, in particular the grant of planning permission for two foodstores at Newport with only one of these able to be built, and the extension of the existing Wm Morrisons store at Lake. The grant of planning permission for a new Co-op store, in Freshwater will meet the identified need in the west of the Island. There are various smaller foodstore proposals in centres across the Island and this will meet the balance of the identified need and there is no forecast need until the end of the Plan period.

2.10 This is summarised below:

	2017 £m	2022 £m	2027 £m
Total available expenditure	9.72	35.81	53.46
Turnover of commitments		48.00	48.00
Net residual capacity		-12.19	5.46

2.11 There are a limited number of comparison commitments to absorb the forecast potential and there will be pressure for further development, most notably at Newport. This is summarised below:

	2017 £m	2022 £m	2027 £m
Total available expenditure	29.37	79.32	130.62
Turnover of commitments		13.20	13.20
Net residual capacity		66.12	117.42

2.12 There is potential for additional comparison goods floorspace in all of the centres, although this is heavily skewed towards Newport.

2.13 In assessing proposals for future retail development, the locally set floorspace threshold should be 500 sq m for all centres, and 1,500 sq m for Newport. The lower limit for smaller centres is justified because of the size of those centres and the need to ensure their continued recovery.

3 RETAIL PLANNING POLICY GUIDANCE

3.1 This section summarises the relevant planning policy guidance in relation to retail development and highlights key emerging guidance.

NATIONAL PLANNING POLICY FRAMEWORK (2012)

3.2 National retail planning policy guidance is set out in the National Planning Policy Framework (NPPF), published in March 2012. It is important to highlight that although the NPPF consolidated existing guidance and replaced it, in relation to retail matters, the DCLG have confirmed that the 'Practice Guidance' which accompanied PPS4 remains extant, prior to the Government producing replacement guidance. Therefore, throughout the course of this document, we continue to draw reference to the Practice Guidance where appropriate.

3.3 The NPPF makes it clear that there should be a presumption in favour of sustainable development. Paragraph 14 states that *'at the heart of the NPPF is a presumption in favour of sustainable development, which should be seen as a golden thread running through both plan-making and decision-taking'*. For plan-making, this presumption in favour of sustainable development means that *'local planning authorities should positively seek opportunities to meet the development needs of their area'* and that *'Local Plans should meet objectively assessed needs, with sufficient flexibility to adapt to rapid change' (unless the adverse impacts of doing so would significantly outweigh the benefits, or specific policies contained within the NPPF indicate that development should be restricted)'*.

3.4 Paragraphs 23 to 27 of the NPPF (*'ensuring the vitality of town centres'*) pay particular attention to retail matters. The NPPF retains the approach set out in PPS6, PPS4 and preceding national planning guidance by advocating a *'town centres first approach'*, stating that planning policies should positively promote competitive town centre environments (paragraph 23). In drawing up Local Plans, LPAs should:

- Recognise town centres as the heart of their communities and pursue policies to support their viability and vitality;
- Define a network and hierarchy of centres that is resilient to anticipated future economic changes;
- Define the extent of town centres and primary shopping areas, based on a clear definition of primary and secondary frontages in designated centres, and set policies that make clear which uses will be permitted in such locations;
- Promote competitive town centres that provide customer choice and a diverse retail offer and which reflect the individuality of town centres; Retain and enhance existing markets and, where appropriate, re-introduce or create new ones, ensuring that markets remain attractive and competitive;
- Allocate a range of suitable sites to meet the scale and type of development needed in town centres. It is important that needs for retail, leisure, office and other main town centre uses are met in full and are not compromised by limited site availability. Local planning authorities should therefore undertake an assessment of the need to expand town centres to ensure a sufficient supply of suitable sites;

- Allocate appropriate edge of centre sites for main town centre uses that are well connected to the town centre where suitable and viable town centre sites are not available. If sufficient edge of centre sites cannot be identified, set policies for meeting the identified needs in other accessible locations that are well connected to the town centre;
- Set policies for the consideration of proposals for main town centre uses which cannot be accommodated in or adjacent to town centres;
- Recognise that residential development can play an important role in ensuring the vitality of centres and set out policies to encourage residential development on appropriate sites; and
- Where town centres are in decline, local planning authorities should plan positively for their future to encourage economic activity’.

3.5 Paragraphs 24 to 27 of the NPPF discuss the principal ‘tests’ which LPAs should apply to applications for retail development which fall outside defined town centre locations. Firstly, applications for ‘town centre uses’ (such as retail) outside defined centres will need to demonstrate compliance with the sequential approach — i.e. they must demonstrate the proposed scheme cannot be accommodated on an in-centre site (if the application site is in an edge-of-centre location), or either an in-centre or an edge-of-centre (if the application site is in an out-of-centre location). Both applicants and local planning authorities are expected to demonstrate flexibility on issues such as format and scale.

3.6 Applications for ‘town centre uses’ outside defined centres which are above 2,500 sq.m (or a locally- set threshold) must also submit an impact assessment, to assess the impact of the proposal on existing, committed, and planned investment in defined centres in an appropriate catchment area, as well as the impact on town centre vitality and viability, including local consumer choice and trade in the town centre and wider area. The NPPF is clear that in instances where a planning application cannot demonstrate compliance with either the sequential or impact ‘tests’, it should be refused planning permission.

3.7 The NPPF advises that local plans should be aspirational but realistic, and should set out ‘opportunities for development and clear policies on what will or will not be permitted and where’ as well as ‘the strategic priorities for the area’, including for the provision of retail, leisure and other commercial development.

3.8 The NPPF also identifies a requirement for local planning authorities to use a proportionate evidence base. Furthermore, local plans must be based on ‘adequate, up-to-date and relevant evidence about the economic, social and environmental characteristics and prospects of the area and be comprehensive in their assessments, ensuring that they are ‘integrated and that they take full account of relevant market and economic signals’ (paragraph 158).

3.9 As such, in relation to retail matters, the evidence base should assess, amongst other things (paragraph 161):

- The needs for land or floorspace for economic development, including both the quantitative and qualitative needs for all foreseeable types of economic activity over the plan period, including for retail and leisure development;
- The role and function of town centres and the relationship between them, including any trends in the performance of centres; and
- The capacity of existing centres to accommodate new town centre development.
- The NPPF stipulates that Local Plans must undergo independent examination. In addition to showing a Local Plan has been prepared in accordance with the Duty to Cooperate, legal and procedural requirements; the Local Plan must also be found to be 'sound'.

3.10 Paragraph 182 stipulates that a 'sound' plan is one that is:

- positively prepared – based on a strategy which seeks to meet objectively assessed development and infrastructure requirements;
- justified – the plan should be the most appropriate strategy, when considered against reasonable alternatives, based on proportionate evidence base;
- effective – the plan should be deliverable over the plan period; and
- the plan should enable the delivery of sustainable development in accordance with policies in the Framework.

PLANNING PRACTICE GUIDANCE (2014)

3.11 Government published Planning Practice Guidance in 2014 and one of these relates to “Ensuring the vitality of town centres”. It reaffirms the “town centre first” approach and the operation of the sequential test and the impact test for the determination of planning applications for non-town centre proposals and possibly also in development plan preparation.

PLANNING POLICY STATEMENT 4 PRACTICE GUIDANCE (2009)

3.12 Government published the 'Practice guidance on need, impact and the sequential approach' to accompany PPS4 (subsequently referred to in this study as the 'Practice Guidance'). Although the Framework replaced other guidance and policy notes, this Practice Guidance remains extant.

3.13 It advises that when assessing the need for retail and leisure developments, local planning authorities are advised to (paragraph 2.4):

- Take account of the quantitative and qualitative need for different types of retail and leisure developments.
- In deprived areas, which lack access to a range of services and facilities, give additional weight to meeting these qualitative deficiencies.
- When assessing quantitative need, have regard to relevant market information and economic data.
- When assessing qualitative need, assess whether there is provision and distribution of shopping and other services which allow genuine choice to meet the needs of the whole community; and take into account the degree to which shops may be overtrading and whether there is a need to increase competition and retail mix.

- 3.14 The guidance provides detailed advice on how to produce an evidence base for retail and leisure developments.

DEVELOPMENT PLAN POLICIES

- 3.15 The Isle of Wight Core Strategy was adopted in 2012. The key policies to note are as follows.
- 3.16 Policy SP3 (Economy) states that *'the strategy allows for no more than 75,159m² of net retail floorspace over the plan period, primarily located within the Primary Retail Areas, Town Centres or Key Regeneration Areas. This is to be broadly split as 80% comparison goods and 20% DIY/Bulky comparison goods. The strategy allows for no more than 75,159m² of net retail floorspace over the plan period, primarily located within the Primary Retail Areas, Town Centres or Key Regeneration Areas. This is to be broadly split as 80% comparison goods and 20% DIY/Bulky comparison goods'*.
- 3.17 Additional guidance (What, Where and How) is provided at paragraphs 5.141-5.153. In particular, it highlights that the focus for retail growth will be the Key Regeneration Areas and the Smaller Regeneration Areas, health checks of a number of these centres have informed Policy DM9 (see below) and sets out the Council's preferred approach to retail development. This is to firstly consider Town Centres and Primary Retail Frontage areas suitable for new or intensified retail uses, then the intensification of existing retail parks (whether they be in Town Centres or Primary Retail Frontages or not), followed by the extension of existing retail parks and then the creation of new retail parks. The Town Centre and Primary Retail Frontage boundaries are shown on the Proposals Map.
- 3.18 Policy DM9 (Town Centres) explains that the Council will support proposals that contribute to the diversity, choice, vitality and viability of town centres. Development is expected to preserve the retail function of town centres, focus retail (A1) uses into Primary Retail Frontages, support proposals for A2-A5 uses within a Town Centre Boundary outside of Primary Retail Frontages, support higher density mixed use schemes in Town Centres, and proposals to change the use of ground floor units to non-retail uses do not harm the retail function, design, character, vitality and viability of the town centre. All applications for retail development will be directed to Town Centres and is not located there, will be the subject of a sequential assessment and impact assessment.

3.19 Through the Spatial Strategy, the Council is focussing the majority of the development in three main Key Regeneration Areas (para 6.1). These are the Medina Valley (Newport, Cowes and East Cowes), Ryde and The Bay (Sandown, Shankling and Lake). Each of the Key Regeneration Areas is different in character and the Council has different aspirations for them. Some of the key points are:

AAP1 – Medina Valley – the Council wishes to see the Medina Valley strengthen its position as a the focal point for residential and economic growth on the Isle of Wight, establish whether there is a need for further retail allocations above that already allocated, and review the Town Centre Boundaries and Primary Retail Frontages.

AAP2 – Ryde – the Council wants to see Ryde increase its residential capacity and employment provision, whilst developing a distinctive high quality tourism offer as a gateway to the Island, establish whether there is a need for further retail allocations above that already allocated, and review the Town Centre Boundaries and Primary Retail Frontages establish whether there is a need for further retail allocations above that already allocated, and review the Town Centre Boundaries and Primary Retail Frontages

AAP3 – The Bay – the Council wants to see the Bay develop a high quality tourism offer and increase tourism-related employment opportunities, establish whether there is a need for further retail allocations above that already allocated, and review the Town Centre Boundaries and Primary Retail Frontages.

4 RETAIL TRENDS

OVERVIEW

- 4.1 Although the UK economy is slowly moving out of recession and growth is now being experienced across all regions of the UK, there is no doubt that the retail sector has been hard hit over the period 2008-2013 with a number of famous High Street brands having failed, such as Blockbuster, Game, Borders, Barratts, Woolworths and HMV, but also retailers such as Optical Express and Thorntons announcing store closures.
- 4.2 The lack of confidence amongst consumers and concerns about economic prospects owing to rising taxation, increased inflation and reduced disposable income were reflected in a dramatic reduction in consumer spending which had a direct impact on the health of retailers.
- 4.3 The changes in the retail sector include:
- Non-food growth in supermarkets, increase in small store formats in the convenience sector and resurgence of the discount sector,
 - Strengthening of major multiple brands against the independents and in favour of the dominant brands,
 - Move of household goods, home ware and electrical goods to retail parks, although the retail warehouse sector has slowed,
 - General decline of High Streets reflected in high vacancy rates and charity shops, and
 - A number of town centre development schemes have been delayed as a result.
- 4.4 With all of these factors coming together, it is forecast that small and medium sized towns will face fierce competition from the larger, dominant centres and from e-tailing in all its forms. Many smaller towns simply have too many shops, often of the wrong size and in the wrong pitch, to attract any expanding retailers (Colliers, Great Britain Retail, Autumn 2012).
- 4.5 One might argue that the Isle of Wight, taken as a whole illustrates this trend, with Newport increasingly dominating retailing on the Island, with the retail sector in smaller centres such as Freshwater and Shanklin facing considerable pressures.
- 4.6 However, it is interesting to note the findings of a study entitled 'High Street Evolution and Performance' (Southampton University, July 2014) that:

“we also note the spirit and tone of the Deloitte conclusions being mirrored in other recently published reports - both academic and those commissioned from commercial research consultancies. For example, a UCL research team reinforced our own position by concluding that **'high streets are alive'** and **'high streets are adaptable'** - while soon to be published research commissioned by BIS suggests **'high streets seem to be faring well in the post-recession era'**.”

GROWTH IN RETAIL EXPENDITURE

4.7 It is normal to examine patterns of retail expenditure over the medium and long term to smooth out the effects of any short term or temporary fluctuations, and when viewed in this way, retail expenditure has consistently grown in retail terms and this is shown below over the long term (1972-2012), medium term (1982-2012) and short term (1992-2012) (source: Experian Retail Planner Briefing Note, October 2013, Figure 1a)).

Vol growth per head (%)	2013	2014	2015	2014-25	2016-20**	2021-30***	1972-2012	1982-2012	1992-2012
Retail spend	1.8	1.4	1.9	2.2	2.3	2.3	2.5	3.1	3.5
Convenience goods	-0.6	-0.3	0.1	0.8	0.8	0.8	0.4	0.4	0.3
Comparison goods	3.2	2.3	2.8	2.9	3.0	2.9	4.2	5.2	5.6
of which bulky	3.5	1.8	2.9	3.1	3.1	3.1	4.3	5.4	6.7
non- bulky	3.1	2.5	2.7	2.8	2.9	2.8	4.2	5.0	5.0
Leisure	-0.2	0.7	1.4	1.4	1.5	1.3	1.4	1.0	0.3
Consumer spending	0.7	0.6	1.4	1.7	1.8	1.7	2.5	2.6	2.2
Retail spend ex SFT*	1.4	0.7	1.2	1.7	1.7	2.2	2.3	2.9	2.9

4.8 The practical evidence of this can be seen in the growth of the amount of retail floorspace in the UK's town centres over the last 30 years in the UK, alongside the growth of non-town centre floorspace which occurred in three waves:

- Development of over 700 foodstores in out-of-centre locations from the 1970s onwards (the emergence of the first hypermarkets);
- Development of out-of-centre retail parks aimed first at bulky goods such as DIY, furniture and carpets, and later widened to other goods such as clothing; and
- Development of out-of-centre regional shopping centres for comparison goods retailers and leisure operators.

(Source: Schiller 1986)

4.9 However the recession of the last 5 years has caused expenditure to fall in real terms and it is anticipated that the recovery in economic performance will be slow, and the normal pattern of strong recovery following recession may not be experienced in the short term. The table below summarises changes in patterns of retail spending over the last 8 years (source: Experian Retail Planner Briefing Note, October 2013, Figure 1b)).

Vol growth per head (%)	2005	2006	2007	2008	2009	2010	2011	2012
Retail spend	3.3	4.4	2.8	1.1	-3.2	1.0	-0.7	1.7
Convenience goods	1.2	-0.1	-1.1	-3.5	-4.1	-0.4	-2.3	-0.6
Comparison goods	4.1	6.6	4.6	3.3	-3.0	1.9	0.3	3.1
of which bulky	9.4	8.8	7.7	5.6	-6.5	0.8	-1.4	6.9
non- bulky	1.8	5.5	3.1	2.3	-1.4	2.4	1.0	1.6
Leisure	-0.3	-0.9	0.4	-2.6	-8.6	2.0	1.3	-0.9
Consumer spending	2.2	1.2	2.1	-1.6	-4.2	0.2	-1.1	0.4
Retail spend ex SFT	3.1	4.1	2.0	0.0	-4.2	0.7	-1.7	1.1

4.10 Growth in retail expenditure leads to demand for new retail floorspace to meet the growth in spending and as noted, this has led to pressure for development not just in town centres, but away from them in the form of stand-alone stores or retail parks. This is the pattern that has been experienced over the last 30 years and on the Isle of Wight, has led to pressures for retail development not just in the main centres of Newport, Ryde and Cowes, but also for pressures for out of centre development at these towns, such as Tesco at Ryde and Morrisons at Sandown, and the Wakes Retail Park at Newport.

4.11 It is reasonable to expect that arising from continued growth in retail spending there will be pressure (and opportunities) for further retail development on the Isle of Wight, not just to expand the centres, but also to rejuvenate them.

4.12 Within the convenience sector, the Institute of Grocery Distribution (the leading source of information on the food and consumer goods sector) estimate that the UK grocery market was worth £169.7bn in 2013 which was an increase of 3.7% on 2012. It is forecast to grow to £205.9bn in 2018, an increase of 21.3% (IGD, 2013). These figures included VAT but exclude fuel sales.

4.13 The sector is dominated by spending at hypermarkets and superstores (£74.1bn), convenience stores (£35.6bn) and small supermarkets (£34.9bn). Online is relatively small at some £6.5bn (IGD, 2013).

- 4.14 In November 2013, the ONS estimated that for every pound spent in the retail industry, 42 pence was spent in foodstores, 41 pence in non-food stores, 6 pence in non-store retailing and 11 pence in stores selling automotive fuel (ONS, Retail Sales Statistical Bulletin, November 2013). Within the comparison or non-food sector, the ONS reports that over the last 12 months, sales at non-specialised or department stores increased by 0.1%, sales at textile, clothing and footwear sales increased by 6.2%, sales at household goods stores decreased by 3.2% and sales at “other” stores increased by 4.5%.

CHANGES IN RETAILING

- 4.15 The face of retailing is changing very rapidly. Although the High Street remains the focus for a shopping trip because it remains a social activity, home and electronic shopping has grown considerably and is expected to continue to grow as new technologies become available. The development of and greater use of smart phone technology, Apps and QR (Quick Response), alongside home shopping and interactive TV, will see an increase in the proportion of shopping undertaken away from High Streets and this will have an implication for centres on the Isle of Wight because it will mean a visit does not have to take place to a town and the expenditure will not take place there.
- 4.16 The ONS’ most recent estimate of the growth in internet sales and the proportion of total sales made online is summarised below:

Category	Year on year growth % (Value NSA)	Proportion of total sales made online
All retailing	15.1	11.9
All food	11.7	3.6
All non-food	15.9	9.3
Department stores	31.3	11.4
Textile, clothing and footwear stores	28.9	11.1
Household goods stores	-14.6	5.6
Other stores	6.1	8.4
Non-store retailing	15.4	69.7

(ONS, Retail Sales Bulletin – Table 4 and November 2013)

4.17 Expenditure on the Internet forms part of a wider category of expenditure known as Special Forms of Trading (SFT) and this is expenditure that takes place in non-retail outlets, and includes markets, stalls and mail order. Although expenditure on the Internet is the fastest growing element of this, it does not necessarily mean that there will be a reduction in future needs for retail floorspace. Experian highlight a number of factors to consider:

- Many stores sell online but source sales from regular stores rather than warehouses, implying an increase in required store floorspace to cater for rising Internet sales.
- Store-based shopping is still expected to continue to expand at an annual average rate of 2.6%.
- It is probable that sales via the Internet will begin to grow less rapidly at some point in the next few years. Much of the rapid expansion of the Internet share of retail sales in the early years of the internet's rise was driven by easily transferable sales of music, video, and e-books. Growth in this area has slowed as this market is now mature.
- This leaves click-and-collect as the key driver of current and future Internet growth. But since this requires a bricks-and-mortar presence in easily accessible locations, this is largely space demand neutral. Examples of national retailers offering and expanding click-and-collect include Tesco, Sainsbury's and John Lewis/Waitrose, and all of these retailers offer this service on the Island.
- Home delivery with the goods delivered sourced from warehouses is not space demand neutral in the way that click-and-collect is. It presents a major potential threat to future demand for retail floorspace in the high street. Demand for retail floorspace would ease if in future supermarkets moved increasingly to a centralised system to reduce pressure on stores. But it still appears that most retailers opt to distribute from stores rather than a centralised warehouse. While warehouse space has increased, growth has been through relatively modest additions to space such as Amazon's announcement that it plans to open a number of warehouses for sorting parcels of books, music and gifts, rather than a concerted move on the part of retailers in general.
- The recent well-publicised expansion of home delivery owes much to a switch within SFT from mail order to online, especially in clothing and footwear.
- A significant development is multi-channelling, where Internet shopping actually drives demand for traditional outlets. An increasing numbers of retailers are using bricks-and-mortar stores as a showroom for products, a service location and collection/drop-off points for online orders. In-store product and services offer forms part of a co-ordinated multi-channel strategy and will continue to support demand for retail space.

- 4.18 In response to tightening planning controls, within the convenience sector, the national multiples have changed their operations in order to retain or win market share. These include:
- Widening their product offer to include non-food goods, but also financial and insurance products,
 - Development of smaller formats, such as Tesco Express, Tesco Metro and Sainsbury's Local,
 - Sainsbury partnering with Netto to trial the opening of discount stores in 15 Sainsbury stores,
 - Extended opening hours,
 - Offering cheaper products and no-frills service to rival the resurgent discount sector led by Aldi and Lidl, and
 - Offering a home delivery service.
- 4.19 This has resulted in half of town centres now competing with five or more supermarkets within a two mile radius (What does the future hold for town centres, BSCS, September 2011).
- 4.20 Competition within the convenience sector is fierce and in particular, the discount sector led by Aldi and Lidl has provided serious challenge to Wm Morrisons, ASDA, Tesco and also Sainsbury's (hence the latter's decision to partner Netto in a trial). Aldi is poised to overtake Waitrose and become the fifth largest supermarket in the UK, and Tesco and Wm Morrisons continue to struggle, with Tesco changing its Chief Executive (July 2014) and Wm Morrisons appointing a new Chairman and the loss of 2,600 jobs to streamline its management structure.
- 4.21 On the Island, the large foodstores still dominate with the turnover of 4 stores – Mw Morrisons at Newport and Lake, Sainsbury's at Newport and Tesco at Ryde – accounting for nearly 60% of available expenditure on convenience goods. At a local level, there is more variety and choice, and in some locations, smaller stores such as the Co-op at Freshwater, have become established as the main local foodstore.
- 4.22 Within the comparison sector, the administration of a number of retailers and store closures is well documented. If retailers are to expand, they will be extremely selective in terms of location and the type of premises required. There has been a trend for retailers to occupy larger units in order to achieve more efficient use of floorspace and attract shoppers from a wider area.
- 4.23 A direct consequence of these changes in the comparison sector has been a significant reduction in the amount of town centre development. The Trinity Centre in Leeds has been the only large town centre development over 18,000 sq m since the 2008 Financial Crisis. Town centre floorspace currently under construction is 155,000 sq m which compares to the average over the last 5 years of 362,000 sq m. Although there is lag owing to the long lead in

time for schemes, there is no doubt that the pipeline of town centre development is significantly below historic levels. There is renewed confidence in the sector and schemes that had stalled in centres such as Guildford are being revisited.

- 4.24 Despite the town centres first policy, the out-of-centre comparison market has continued to grow with evidence that the between 2007 and 2012, the amount of out-of-centre floorspace increased by 23% for all sectors. The administration of a number of retailers in this sector (MFI, Land of Leather and Focus DIY) has led to vacant stock being offered to the market, and as a consequence there has been less pressure for the development of new floorspace (UK out of town retailing, Verdict Datamonitor, 2012). This reduced pressure is expected to continue for some time.

CHARITY & POUND SHOPS, PAYDAY LOANS AND PAWNBROKERS

- 4.25 One sector that appears to have thrived in the recent recession is charity shops, and there have been widespread concerns that the increase in the number of charity shops on British High Streets is harming them or masking problems. In particular, it is suggested that the 10,000 charity shops enjoy generous tax breaks that are fuelling the decline of the High Street by forcing traditional retailers out.
- 4.26 The position is that organisations that are recognised as charities for UK tax purposes can claim 80% relief from business rates if the charity (or trustees of the charity) is the rate payer and the charity uses the property wholly, or mainly, for charitable purposes. The charity must use the property wholly or mainly to sell goods donated to it, and it must also use the net proceeds for the purposes of the charity.
- 4.27 Demos were commissioned to assess this matter and their report highlights some interesting facts that dispel some of the myths (Measuring the social value of charity shops – Giving something back, 2013). The evidence from several case studies in a number of different locations is that charity shops:
- Occupy vacant properties
 - Keep rents low for other shops
 - Help maintain footfall levels.
- 4.28 It is also interesting to highlight that the interest in charity shops seems a little unbalanced, as that has not been the fastest growing sector on British High Streets in the last few years. Analysis by the Local Data Company, reviewed by PWC, is that pound shops, pawnbrokers and betting shops have grown at a faster rate during 2012 and this is summarised in the table below:

Store closure statistics

Table 1. Top risers and fallers by business type in 2012

Risers	Net change (Units)	Net Change (%)	Fallers	Net change (Units)
Cheque Cashing/Payday Loans	121	20.0%	Card & Poster Shops	-188
Pound shops	99	13.0%	Computer Games	-176
Pawnbrokers	89	13.2%	Women's Clothes Shops	-175
Charity shops	87	2.7%	Recruitment Agencies	-154
Betting Shops	77	3.3%	General Clothing	-120
Supermarkets	62	3.6%	Health Foods & Products	-119
Coffee Shops	58	3.4%	Banks & Financial Institutions	-112

Source: Local Data Company

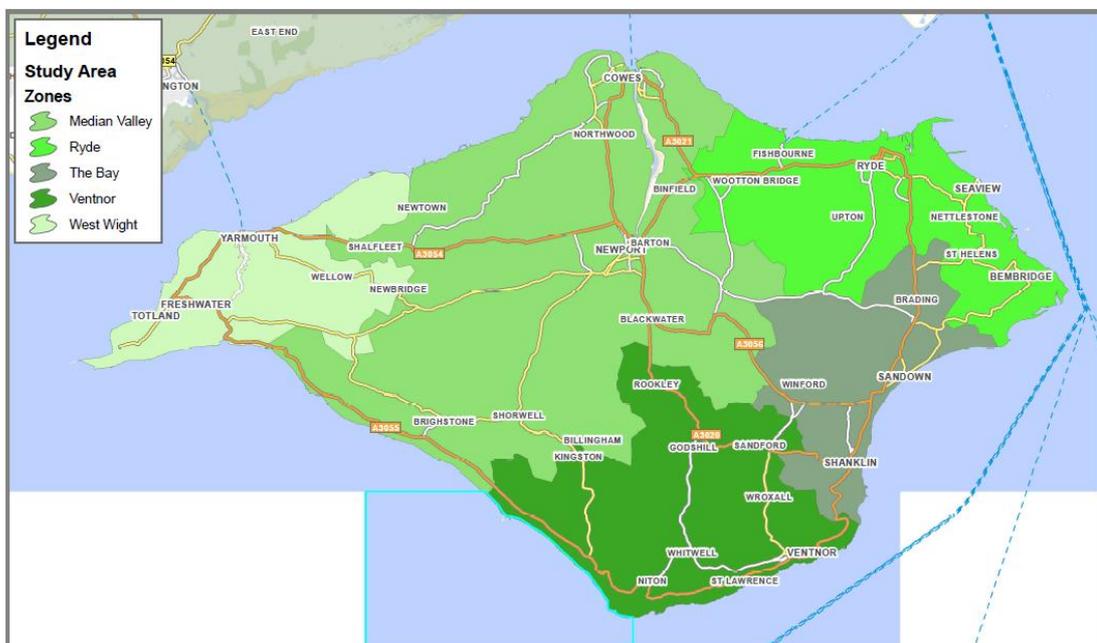
- 4.29 The growth in the other types of retail business – cheque cashing/payday loans, pound shops and pawnbrokers – is a reflection of the Financial Crisis that started in 2008 and how these businesses are providing a service to residents/customers.

5 HOUSEHOLD SURVEY

5.1 NEMS Market Research carried out a survey of 1,000 households in October and November 2013 across the whole of the Island.

5.2 In order to provide greater understanding of the patterns of shopping on the Island, it was necessary to divide the Island into a series of study area zones. It was agreed that this should match as closely as possible the Action Area Boundaries. Below is a map of the Island and it shows the 5 different zones and the table identified the post-code sectors in each study area zone.

Study Area Zones:	Postcodes:
1. Medina Valley (Newport, Cowes & East Cowes)	PO 30, 31 & 32
2. Ryde	PO 33, 34 & 35
3. The Bay (Sandown, Shanklin & Lake)	PO 36 & 37
4. Ventnor	PO 38
5. West Wight (Freshwater and Totland)	PO 39, 40 & 41

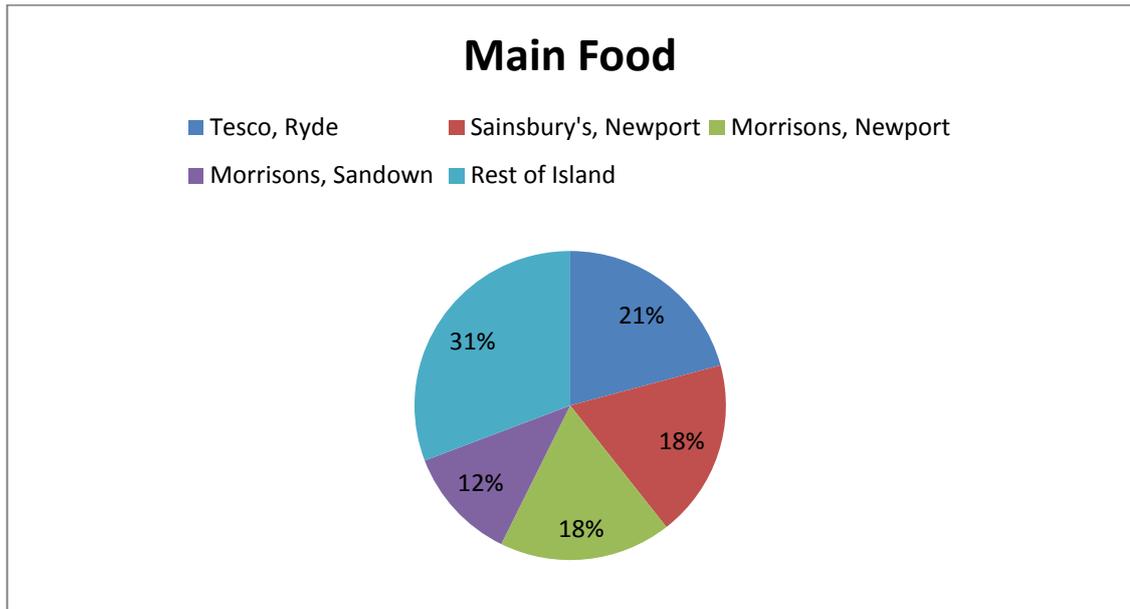


5.3 The questionnaire and the results of the surveys are provided in Appendix 1. Commentary is provided below and the results inform the capacity assessments in Section 5.

MAIN FOOD

5.4 Four stores dominate main food and grocery shopping on the Island and account for almost 70% of all main food shopping trips undertaken on the Island:

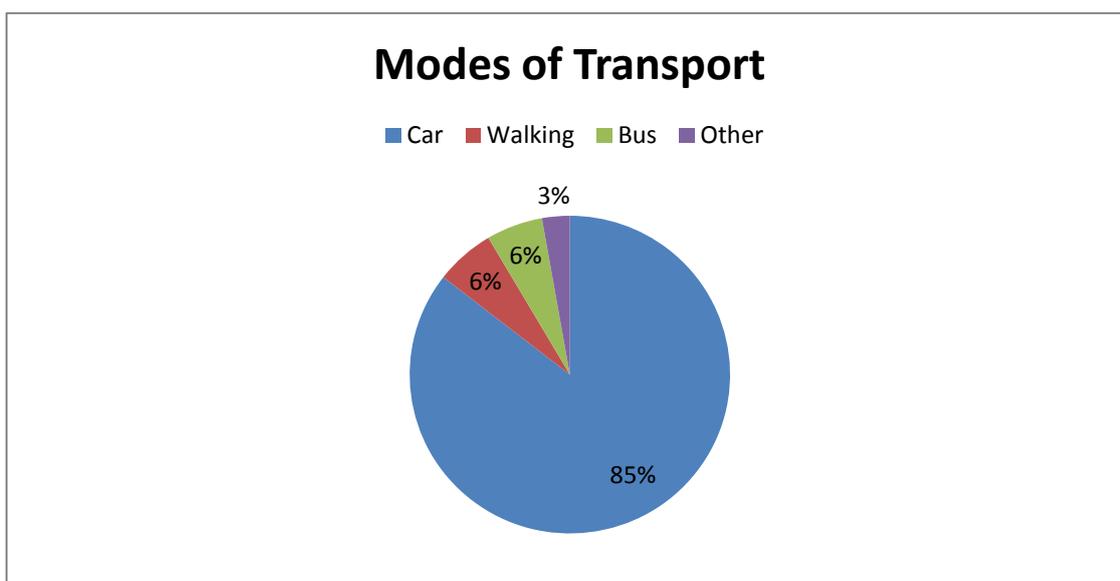
- Tesco Extra, Ryde – 20.8% of all trips
- Sainsbury's, Newport – 18.6%
- Morrisons, Newport – 17.9%
- Morrisons, Sandown – 11.9%.



5.5 There are also interesting patterns of shopping within specific zones, for example,

- Co-op at Freshwater attracts 42.9%, 34.9% and 26.7% of all shopping trips from zones PO39, PO40 and PO41, respectively, and has an overall market share of just 3%
- Sainsbury's and Morrisons at Newport attract shoppers from 11 of the 12 zones on the Island, whereas Tesco at Ryde attracts from only 9 of the 12 zones, meaning its dominance is based on shopping patterns in the centre and east of the Island
- Internet/mail order shopping is highest in the west of the Island (4.8% in PO39, 7.0% in PO40 and 6.7% in PO41) where arguably the quality of shopping provision is weakest
- Waitrose in East Cowes has a relatively low market share (3.6%) and attracts shoppers from just 7 of the 12 zones.

5.6 The car is the dominant mode of transport for main food shopping trips (85.5%), with walking (6.0%) and bus (5.7%) the next most popular modes.

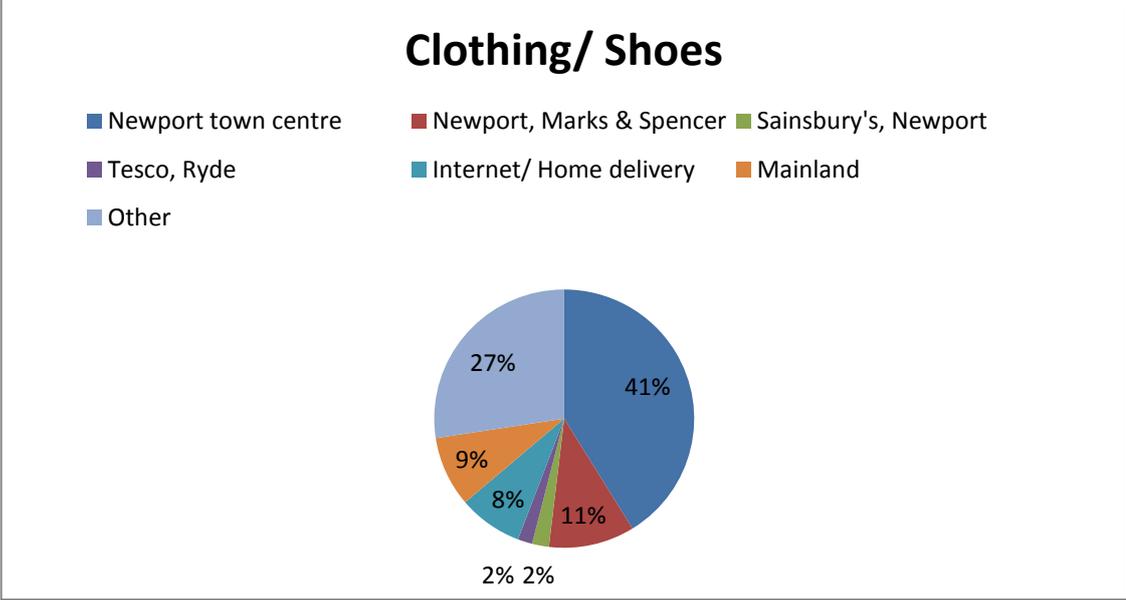


- 5.7 60.3% of all main food shopping trips do not involve a linked trip to another shop, leisure or service outlet. 22.1% visit a non-food shop, 13.7% visit another food shop, 7.0% a financial service, 3.5% undertake a leisure activity and 2.9% visit a pub, cafe or restaurant
- 5.8 In terms of levels of spending on each trip, 13.6% spend between £91-£100, 11.7% spend between £51-£60 and 11.1% spend between £41-£50.
- 5.9 64.7% of residents undertake a main food shopping trip once a week and 12.4% every two weeks. 2.1% undertake a main food shopping trip every day.
- 5.10 82.3% of residents undertake none of their main food shopping using the internet, with 5.3% using it for less than 10% and 1.2% for all of it
- 5.11 There is a high degree of consistency of where residents undertake a main food shopping trip, showing loyalty to Newport and perhaps also a lack of offer elsewhere on the Island, with 47.1% not shopping at another store before that.

CLOTHING/SHOES

- 5.12 Newport town centre dominates this sector with 41.2% of all shopping trips to buy clothing and/or shoes, followed by Marks & Spencer at Newport with 10.68%, taking the total for the town to more than half of all trips on the Island.
- 5.13 Interestingly, the diversification of grocers into this sector is reflected with Sainsbury's at Newport attracting 2.1% of all trips and Tesco at Ryde attracting 1.8% of all trips.
- 5.14 Internet/home delivery accounted for 8% of all trips.

5.15 Leakage from the Island to stores and centres on the mainland accounted for some 8.8% of all trips. Southampton (2.8%) and Portsmouth (1.6%) were the main centres that residents visited.



5.16 These trips were undertaken with the following regularity – monthly by 19.1% of residents, every two months by 14.0%, 3 or 4 times a year by 18.5% and 11.7% twice a year.

5.17 70.7% of these trips were undertaken by car, 11.0% by bus and 8.9% walked.

5.18 As with patterns of main food shopping, 45.2% did not shop anywhere else for clothing/shoes, reflecting a high degree of consistency in their use of Newport to shop for clothing/shoes, and possibly also a paucity of offer elsewhere on the Island.

FURNITURE, CARPETS OR SOFT HOUSEHOLD GOODS

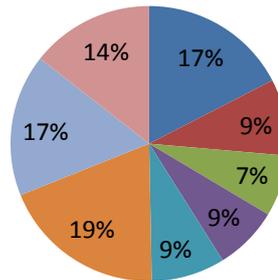
5.19 This category had a high proportion of responses that residents didn't do this type of shopping (19.2%) or they didn't know or couldn't remember (16.7%).

5.20 For those that do, Newport town centre attracts the largest share with 17.4%, 9.0% to the Wakes Retail Park at Newport, 7.2% to the Gunville Trading Estate. 7.5% use the internet or home catalogue.

5.21 8.6% of all trips take place on the mainland, with Southampton attracting 4.0% of all trips and Ikea at Southampton attracting 1.3% of all trips.

5.22 54% of residents didn't undertake their shopping trips anywhere else, on or off the Island, which is evidence of loyalty to Newport.

Furniture, carpets or soft household goods



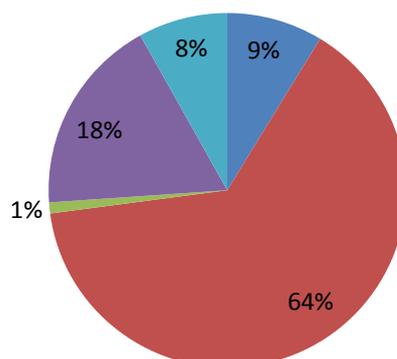
DIY AND DECORATING GOODS

5.23 B&Q at Newport dominates this sector, attracting 64.2% of all trips. 8.7% undertake this type of shopping in Newport town centre. 18.0% of residents either don't do this type of shopping or couldn't remember.

5.24 70.7% of residents didn't shop for this type of good anywhere else.

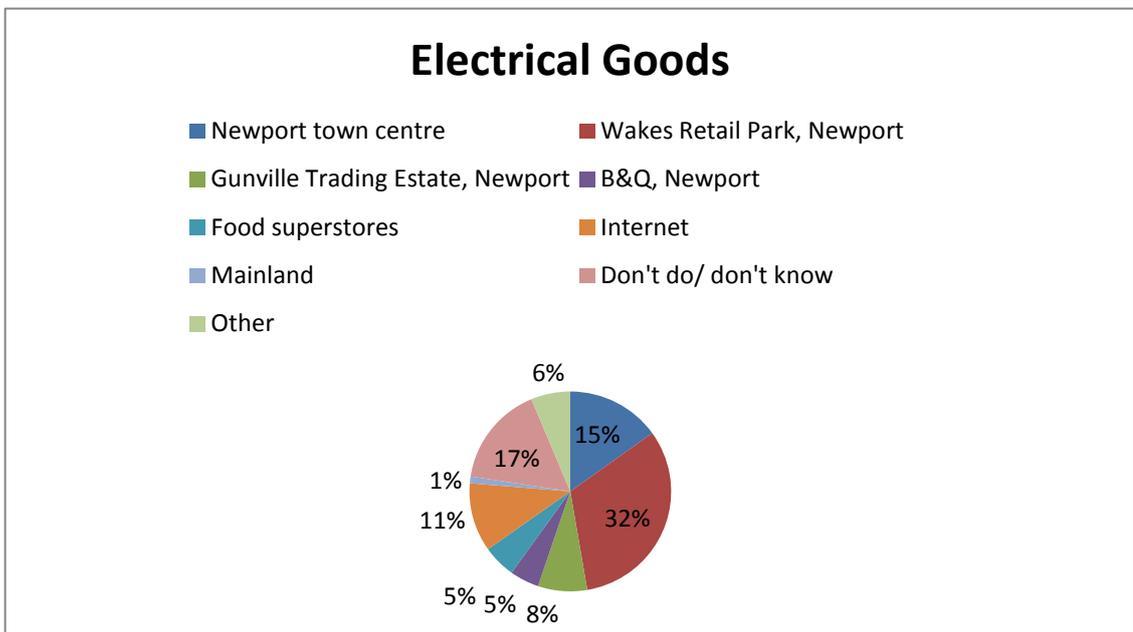
5.25 Less than 1% of shopping for these goods took place on the Internet and there was no leakage to stores or centres on the mainland.

DIY and Decorating Goods



ELECTRICAL GOODS

- 5.26 Wakes Retail Park at Newport dominates in this sector with 32.2% of all trips. Newport town centre attracts 15.1% of all trips, 7.9% to the Gunville Trading Estate and 4.7% to B&Q at Newport. Interestingly and consistent with the diversification of this sector, the larger food superstores attract 5.3% of all trips. 16.3% of residents either don't do this type of shopping or don't know or don't remember where they shopped for these goods.
- 5.27 11.1% of all expenditure takes place on the Internet. 1.1% of expenditure takes place on the mainland.
- 5.28 There was a high degree of consistency with 60.8% of respondents not shopping anywhere else.

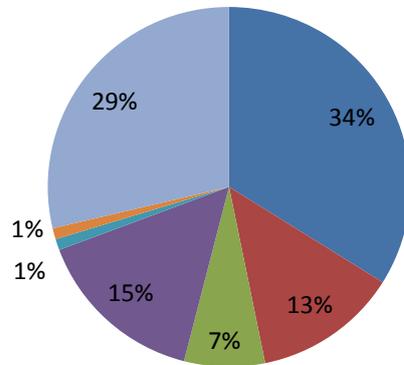


HEALTH, BEAUTY OR CHEMISTS GOODS

- 5.29 There is a much stronger pattern of this type of shopping taking place in town centres, with Newport attracting 33.9%, Ryde 12.9% and Shanklin 7.2%. The larger foodstores attract 15.3% of all trips.
- 5.30 Internet shopping for this category is less than 1%.
- 5.31 Leakage to stores and centres on the mainland is less than 1%.
- 5.32 67.5% shop nowhere else for these goods.

Health, Beauty or Chemist Goods

■ Newport ■ Ryde ■ Shanklin ■ Food superstores ■ Internet ■ Mainland ■ Other

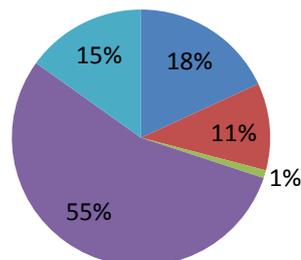


RECREATIONAL GOODS

- 5.33 A high proportion – 54.8% - either don't do this type of shopping or couldn't remember where they did shop for these goods.
- 5.34 Newport attracts 18.1% of all expenditure. 11.0% of expenditure takes place on the Internet, home shopping or tv/interactive.
- 5.35 Just over 1% of expenditure leaks to centres and stores on the mainland.
- 5.36 68% of residents did not shop anywhere else for these goods.

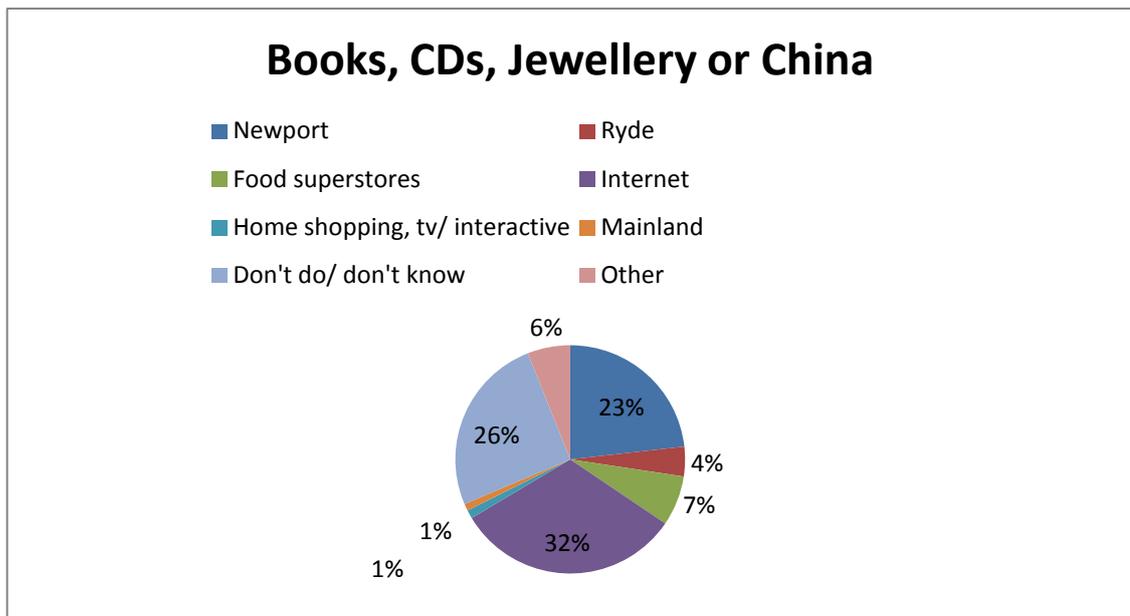
Recreational Goods

■ Newport ■ Internet, home shopping or tv/ interactive
 ■ Mainland ■ Don't do/ don't know
 ■ Other



BOOKS, CDs, JEWELLERY OR CHINA

- 5.37 Newport was the dominant town centre in this sector, with 23.2% of all trips with Ryde attracting just 4.2% of trips as the next largest share for a town centre. Large food superstores attracted 7.1% of all expenditure. It should be noted that HMV closed at the end of October 2013 and as the survey was completed in November 2013, respondents may not have been aware of the store's closing, so the result for Newport may be overstated.
- 5.38 The Internet dominates this sector, with 31.9% of all expenditure, and 1.2% for home shopping and tv/interactive.
- 5.39 Leakage to the mainland is less than 1%. 25.4% don't do this type of shopping or couldn't remember where they do it.
- 5.40 68.9% of those that do this type of shopping don't do it anywhere else.



6 TOWN CENTRE HEALTH CHECKS

- 6.1 It is not the purpose of this study to undertake health checks of the main centres on the Island, however for the purposes of informing a retail strategy for the Island, and in particular the Key Regeneration Areas and the Smaller Regeneration Areas, it is necessary to review the performance of those centres.
- 6.2 As a base for this assessment, regard has been paid to the study undertaken by Halcrow in October 2009 (Town Centres Health Check Study) and more up-to-date information provided by the Council on the mix of uses within each centre (April 2013).
- 6.3 Each centre is reviewed briefly below.

MEDINA VALLEY

NEWPORT

2009 Health check

- 6.4 Newport has 415 units and is significantly larger than its nearest rival Ryde which has 328 units. 86% of the retail units and in comparison use and 26% are in convenience use. This is a normal level of provision as convenience stores tend to be fewer in number and occupy larger units. There is a high proportion of leisure (16%) and financial (9%) uses which reflects Newport's role as the dominant centre on the Island. Vacancies are low at around 8% which is normal as a centre will always have some vacancies.
- 6.5 The primary shopping area of Newport has a strong retail and leisure offer with a wide selection of high quality shops, cafes and restaurants. It is the dominant centre for residents and tourists.
- 6.6 With its success, comes traffic congestion and pressure on car parking. There are few development opportunities within the town centre to create the size of retail unit that comparison retailers require and some retailers are put off from coming to Newport.
- 6.7 There is scope to increase the quality of public realm in the centre.

2014 Health check

- 6.8 Vacancies in Newport had increased slightly to 11% in April 2013 which is consistent with the wider pressures facing town centres some five years in to the Financial Crisis. There are 21 charity shops in the centre which is some 4% of the total.

WEST COWES

2009 Health check

- 6.9 West Cowes has 177 units, of which 46% were in retail use, with leisure the next main land use at 31%. With the retail sector, comparison dominates with approximately 78% of all units, and convenience at 22%. Vacant stock was 7% against a national average of 10%.
- 6.10 Cowes has a strong retail base focused on tourists and sailing visitors. There is an equally strong leisure based offer including cafes, bars and restaurants.
- 6.11 Parking conflicts were identified as a major threat to the town's vitality.
- 6.12 The main improvements that were identified related to public realm and pedestrian areas, together with improvements to run down buildings. An opportunity is identified to co-ordinate street markets, events and festivals.

2014 Health check

- 6.13 Vacancies in West Cowes are unchanged at 7% which suggests greater resilience in the centre than Newport. Charity shops represent 3% of the total.

EAST COWES

2009 Health check

- 6.14 East Cowes is mainly a local centre with just 39 units. 46% were in retail use and 83% of those were in comparison use and 17% in convenience. The vacancy rate was the same as the national average (10%).
- 6.15 The ferry terminal is both an asset and a weakness, it brings people to the town and there should be opportunities to take advantage of their spending power, but this is lost and all that the town seems to get is traffic congestion. A lack of parking is seen as a major constraint on the town's potential. The shabby appearance of a number of buildings doesn't provide a good first impression.
- 6.16 The centre needs to diversify and widen its retail and leisure offer in order to capture more of the tourist spend.

2014 Health check

- 6.17 Vacancy rates in the centre have increased to 17% which is considerably above the average for the Island and the national average. This is evidence of the pressures that the town is facing. Some 5% of the units are occupied as charity shops.

RYDE

2009 Health check

- 6.18 Ryde has 328 units and is the second largest centre on the Island. 88% are in comparison use with just 12% in convenience use. It has 19% in leisure use. 9% of units are vacant.
- 6.19 It a strong retail offer with a good mix of national multiples and local shops, complemented by a good mix of leisure uses including cafes, restaurants and bars. The ferry link to Portsmouth provides strong footfall into the town and the attractive architecture is a positive feature.
- 6.20 Vacancy rates are high on some of the shopping streets. There is a concern about anti-social behaviour in the town at night and this undermines the town's potential to establish a solid night-time economy. The Bay Sandown and Shanklin 2009 Health check
- 6.21 It is evident that Halcrow treated these as a single centre and reported that "Sandown" has a total of 114 units, with some 53 units or 46% in retail use. 83% are in comparison use and 17% are in convenience use. It has a strong leisure offer with 32% of units in this use. Vacancies are low at 6%.
- 6.22 It serves its local population as an administrative, retail and service centre. It is a traditional seaside resort.
- 6.23 The retail offer in Sandown is relatively weak and it lacks national multiples. Both traffic congestion and the relatively poor quality of the shopping environment undermine the centre. There is also a lack of long stay car parking.

2014 Health check

- 6.24 Vacancy rates are broadly unchanged at 11% and charity shops represent 3% of the total.

LAKE

2009 Health check

- 6.25 Whilst Lake is part of The Bay Key Regeneration Area, it didn't have a Town Centre Boundary identified within the Development Plan, and therefore a health check was not undertaken for Lake in 2009.

VENTNOR

2009 Health check

- 6.26 Ventnor has 97 units, with some 51% in retail use. 74% are in comparison use and 26% in convenience. It has a good leisure offer (18%) of units and vacancies are relatively high at 11%.

- 6.27 Although the town has a good mix of local and tourist focussed retail and leisure provision, the high level of vacant units and charity shops gives the impression of a poor quality of retail provision. It suffers from a relative lack of public transport accessibility.
- 6.28 Given the town's traditional Victorian seaside character, there is a potential conflict with the need to develop prominent vacant buildings for new leisure and retail.

2014 Health check

- 6.29 Updated information on the mix of uses available within the centre is not available and so the health check has not been updated.

FRESHWATER

2009 Health check

- 6.30 Freshwater has a total of 71 shops. Only 32% of these are in retail use and although 74% are in comparison use with 26% in convenience use, the year before there had been 30 retail units. Vacancy rates were relatively high at 17% and had been only 8% the year before.
- 6.31 Freshwater has a large rural catchment in the west of the Island, however it struggles to capitalise on this. Unlike other centres on the Island, it does not attract significant tourism spending and its residents visit other centres on the Island to shop.
- 6.32 It is felt that the town centre needs to consolidate and that some of the weaker retail frontages ought to be redeveloped for other uses.

2014 Health check

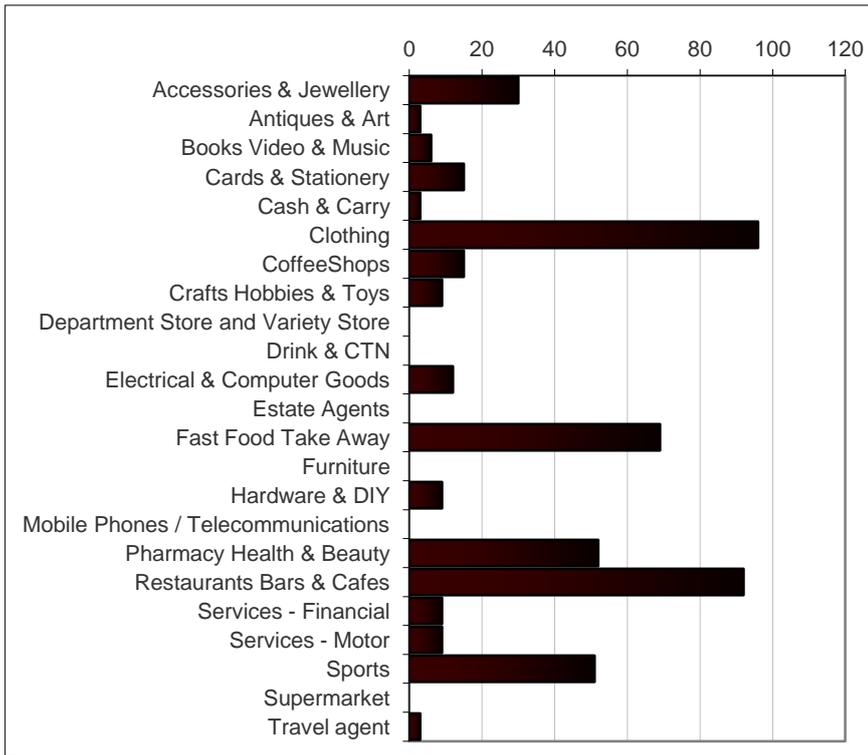
- 6.33 Vacancy rates have reduced considerably to 6%, although the number of charity shops at 8% is the highest on the Island. Although it would seem likely that the reduction in the vacancy rate can be explained, in part, by the high number of charity shops, overall the vacancy rate is significantly reduced over the last five years.

ISLAND OVERVIEW

- 6.34 Newport remains the dominant centre on the Island for comparison shopping and services and two of the dominant convenience superstores – Sainsbury's and Wm Morrisons – are in Newport. With the recent grant of planning permission for an ASDA store at Newport and the redevelopment of the bus station, this dominance will continue. The majority of the Island's edge of centre and out of centre retail warehouses is located at Newport (River Way, Wakes Retail Park and Carisbrook Retail Park).

- 6.35 Ryde is the next largest centre on the Island and is about three quarters of the size of Newport. The remainder of the hierarchy comprises Shanklin, West Cowes, Sandown, Ventnor, Freshwater and East Cowes. These centres complete the town centre retail offer of the Island, with the remaining out of centre development at Ryde (Tesco) and Lake (Wm Morrison).
- 6.36 Vacancy rates in East Cowes are the highest on the Island at 17%. This would appear to reflect changes in the town centre arising from regeneration of the centre, and it is reasonable to anticipate that these will fall in the future.
- 6.37 The centres that have the next highest vacancy rates are the largest – Newport and Ryde, both at 11% - and this suggests that the centres may be over-shopped and are struggling to sustain the number of retail outlets available in each centre. Vacancy rates in the other centres are all below the national average.
- 6.38 The number of charity shops in centres on the Island is typically around 4% and Freshwater is significantly above this at 9% which appears to have resulted in a significant fall in the vacancy rate in the centre, and Sandown is below it at 2%.
- 6.39 Overall, the Island's centres appear to have held up well to the effects of the Financial Crisis. This is consistent with the findings of Deloitte's analysis that high streets seem to be faring well in the post recession era. East Cowes seems to be struggling the most.
- 6.40 A further indicator of the health of a centre is the number of retailer requirements. The following is a breakdown of retailers' requirements for the Island as a whole and this is sourced from EGi (June 2014). Although most of these will relate to Newport, these are provided for the Island as a whole.
- 6.41 The requirements of all categories of retailers for the Island as a whole are summarised below and is relevant to highlight that there are no requirements from department and variety stores which traditionally anchor town centre development schemes, and there is strong demand from clothing; sports; pharmacy, health and beauty and accessories and jewellery stores, and also from the food and beverage market in the form of coffee shops; restaurants, bars and cafes; and fast food take-aways:

Retailer Type	Number of requirements for the Island
Accessories & Jewellery	30
Antiques & Art	3
Books Video & Music	6
Cards & Stationery	15
Cash & Carry	3
Clothing	96
Coffee Shops	15
Crafts Hobbies & Toys	9
Department Store and Variety Store	0
Drink & CTN	0
Electrical & Computer Goods	12
Estate Agents	0
Fast Food Take Away	69
Furniture	0
Hardware & DIY	9
Mobile Phones / Telecommunications	0
Pharmacy Health & Beauty	52
Restaurants Bars & Cafes	92
Services - Financial	9
Services - Motor	9
Sports	51
Supermarket	0
Travel agent	3



6.42 This analysis does not fully record the requirements of convenience retailers because it is known that some of the national retailers such as Aldi and Sainsbury's have requirements for additional space/stores on the Island. Therefore it is reasonable to conclude that this analysis is an under-estimate of retailer requirements, but it does provide a useful indicator of likely retailer requirements for space on the Island.

7 QUANTITATIVE ASSESSMENT

METHODOLOGY

7.1 The methodology of the quantitative assessment can be summarised as follows:

Step 1 – the Island is divided into a series of zones (this was explained in Section 3).

Step 2 – population estimates are obtained for each zone for the base year (2012) and projected to agreed forecast years (2017, 2022 and 2027).

Step 3 – locally based per capita expenditure estimates for comparison goods and convenience goods are obtained for each zone in the base year, and are projected to the agreed forecast years, with all monetary values expressed in a constant price base.

Step 4 – total available expenditure within each of the study area zones is estimated by combining the population estimates with the expenditure estimates.

Step 5 – market shares for each centre are estimated, including estimating their turnover, and this includes out-of-centre stores.

Step 6 – the market share for each centre is applied to the forecast growth in available expenditure to determine the capacity for additional comparison goods and convenience goods floorspace.

Step 7 – an Island wide floorspace capacity figure is calculated by deducting legitimate claims on expenditure growth before converting the residual expenditure to a floorspace requirement by applying a typical sales density.

7.2 In the convenience sector, the floorspace requirement is expressed for a larger superstore, such as Wm Morrisons, Tesco or Sainsbury's, and also for the discount sector. This is important because the turnover of the two types of store is significantly different.

7.3 In the comparison sector, no distinction is drawn between different categories of store, such as bulky goods. This is consistent with the 'town centres first' approach.

7.4 The quantitative assessment is provided in full in Appendix 1. The key data inputs and findings are summarised below and in order to be consistent, the reference to tables in the remainder of this section is a reference to the tables found in Appendix 1.

KEY DATA INPUTS

Population and expenditure data

- 7.5 Table 1 sets out the population of the Island in 2012. The Isle of Wight Council provided annual projections for the period to 2021. In order to project to 2022 and 2027, we have applied the growth rate that occurred over the period 2012-2017 to these periods.
- 7.6 The population of the Island is forecast to increase from 139,011 in 2012 to 155,221 in 2027. This growth is significant and results in approximately 16,000 additional residents over the period to 2027.
- 7.7 Expenditure data or spending on convenience and comparison goods is provided by Experian and has been projected forwards using Experian Briefing Note 11 to the test dates of 2017, 2022 and 2027 (a copy of the Briefing Note is attached in Appendix 3). Allowance is made for Special Forms of Trading at a rate of 2.2% which is consistent with the results of the household survey (this is expenditure comprising sales via the internet, mail order, stalls and markets, door-to-door and telephone sales ie it does not take place in a retail outlet). The levels of convenience and comparison expenditure per head of Island residents are set out in Tables 2a and 2b.
- 7.8 It should be noted that Experian advise that the long term growth rates are significantly lower than previously provided and this reflects a combination of new ONS data and a change in methodology. The net consequence of this is that forecasts of future levels of expenditure are lower.
- 7.9 The population and the expenditure per head at the test dates of 2017, 2022 and 2027 is provided in Tables 3a and 3b.
- 7.10 Allowance has been made for the inflow of tourism expenditure but only in the convenience sector and this is estimated to be approximately £15m (Table 3a). It is relevant to allow for this in the convenience sector because this is expenditure by visitors staying on the Island and this is significant. Occasional spending by tourists on comparison goods is considered marginal and therefore is not included.
- 7.11 There is some outflow of comparison goods expenditure to higher order centres, such as Southampton, and to specific stores such as Ikea. Leakage of this type of expenditure is inevitable.
- 7.12 A further adjustment to Table 3b is that expenditure on convenience goods is separate between main food and top up. The former is the traditional weekly or bulk food shopping trip, whereas the latter is the increasingly frequent purchase of a small number of items – a basket shop.

7.13 The growth in available expenditure in both sectors is significant and this is summarised below:

	2012-2017	2012-2022	2012-2027
Convenience	£9.57m	£35.65m	£53.31m
Comparison	£62.74m	£150.90m	£243.45m
Total	£72.31m	£186.55m	£296.76m

7.14 Tables 4, 5 and 6 apply the results of the household survey to the available spending as a main food convenience trip (Table 4) and as a top up convenience trip (Table 5) to determine the market share of convenience stores (Table 6).

7.15 Assuming the market share is constant, it is possible to show how the growth in available expenditure would be attributed to existing stores (Table 7). The surplus of expenditure is presented as estimates of net additional floorspace “needed” across the centres on the Island (Table 8).

7.16 The same approach is taken in the comparison sector in Tables 9 -11, with the market shares calculated in Table 9, the benchmark turnover of the centres is assessed in Table 10 and the surplus of available expenditure is presented as estimates of net additional floorspace “needed” across the centres on the Island (Table 11). It is important to note that the definition of need is applied in the broadest sense and is consistent with the guidance in the Framework that local planning authorities should plan for assess the needs for land or floorspace for economic development, including both the quantitative and qualitative needs, including retail.

7.17 It is important to explain that in the comparison sector, it is normal to allow for the turnover of existing floorspace to increase, year on year. This is estimated to be 1.7% pa and is a nationally applied figure.

ESTIMATES OF CONVENIENCE NEED

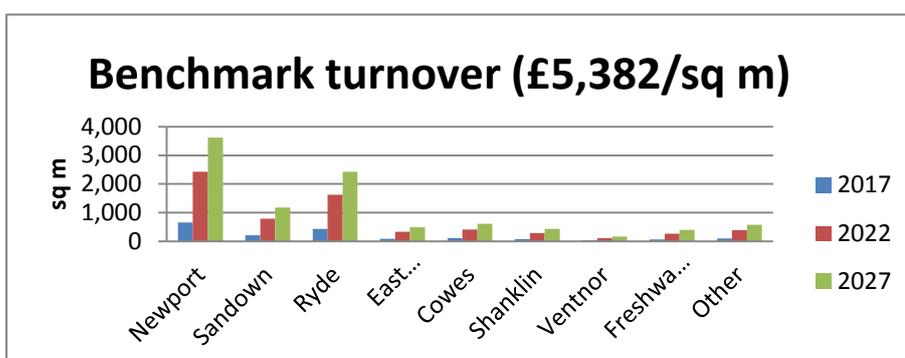
7.18 Having identified the growth in available expenditure, it is necessary to translate this into a floorspace requirement, and this is calculated on two bases. Either that a large modern foodstore, such as a Tesco or Sainsbury’s is built with a turnover of at least £10,764/sq m, is built, or a smaller discount type store with a much lower turnover, say £5,382/sq m.

7.19 This is set out in Table 8 and is summarised below:

Benchmark turnover	2017 (£m)	2022 (£m)	2027 (£m)
Newport	3.54	13.04	19.48
Sandown	1.16	4.26	6.36
Ryde	2.37	8.74	13.05
East Cowes	0.49	1.79	2.67
Cowes	0.60	2.22	3.31
Shanklin	0.43	1.57	2.35
Ventnor	0.17	0.63	0.93
Freshwater	0.39	1.46	2.17
Other	0.57	2.10	3.14
TOTAL	9.72	35.81	53.46

Discount store format

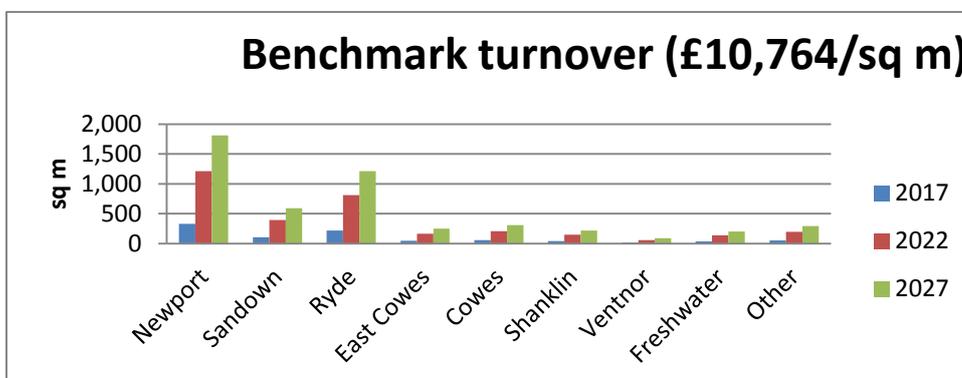
Benchmark turnover (£5,382/sq m)	2017 sq m	2022 sq m	2027 sq m
Newport	658	2,424	3,619
Sandown	215	792	1,183
Ryde	441	1,624	2,425
East Cowes	90	332	496
Cowes	112	412	615
Shanklin	79	292	436
Ventnor	32	116	174
Freshwater	73	270	404
Other	106	391	583
TOTAL	1,806	6,653	9,934



7.20 This shows that the greatest capacity will exist in Newport, Ryde and Sandown. This is to be expected because these towns have the greatest concentration of larger foodstores, although it should be noted that the estimate for Sandown is a reference to Wm Morrisons, and not the town centre itself.

Large store format

Benchmark turnover (£10,764/sq m)	2017 sq m	2022 sq m	2027 sq m
Newport	329	1,212	1,809
Sandown	107	396	591
Ryde	220	812	1,212
East Cowes	45	166	248
Cowes	56	206	308
Shanklin	40	146	218
Ventnor	16	58	87
Freshwater	37	135	202
Other	53	195	292
TOTAL	903	3,327	4,967



7.21 Again, this shows that the greatest capacity is at Newport, Ryde and Sandown.

7.22 However, it is important to note that there are a number of commitments within the convenience sector that, if implemented, would absorb the identified capacity. We have not included smaller developments within town centres, instead we have focussed on larger proposals that have been granted planning permission. There are 5 schemes.

7.23 First, permission was granted in 2013 to extend the existing Wm Morrisons store at Lake by a further 1,113 sqm of sales space. The store is overtrading and although the proposed extension will relieve this, the overall turnover of the store will increase by some £7.9m, mainly at the expense of Tesco at Ryde and Wm Morrisons and Sainsbury's at Newport.

- 7.24 Second, conditional planning permission has been granted, subject to s106 agreements, for 2 foodstores at Newport. Arising from the pattern of land ownership, only one store will actually be built. ASDA is the applicant for one of the sites, and the applicant for the second site has assumed that ASDA would trade from the alternative site, hence for the purposes of this assessment, we have assumed a turnover of some £34m which is ASDA's estimate of the turnover potential of this store. The net convenience sales area of the store is 2,514 sqm. The majority of the turnover will be diverted from Wm Morrisons and Sainsbury's at Newport, Wm Morrisons at Lake and Tesco at Ryde.
- 7.25 Third, planning permission has been granted for a larger Co-op store at Afton Road at Freshwater to replace the existing Co-op store at Hooke Hill, less than 100 metres away. There will be a net increase in sales area of some 570 sqm and it is estimated that even allowing for the high level of overtrading within the existing store, there will be a net increase in turnover of some £2.5m.
- 7.26 Fourth, Tesco is proposing to convert the Old Manor House at Lake to an Express Store. Planning permission is not required for the use. This is being treated as a commitment as the Council is in detailed discussions with Tesco about the change. This store could be expected to achieve a turnover of up to £2m. We have estimated the likely size of the store to be 200 sqm.
- 7.27 Fifth, Sainsbury's is proposing to convert two shops (Stanleys and Sweet Chariot) to a Local Store. As with the last proposal, this is being treated as a commitment. This store could also be expected to achieve a turnover of up to £2m and we have estimated the size of this store also to be 200 sqm.
- 7.28 In total, these 5 commitments will provide a new large foodstore, extend an existing large foodstore, create a medium sized foodstore and provide for two small convenience stores. The total turnover of these commitments could be some £48m.
- 7.29 The total capacity that has been identified is some £53.46m for the period up to 2027. With a total notional turnover of some £48m, it is clear that these commitments will substantially meet the identified need for additional convenience floorspace over the Plan period.
- 7.30 Although it is acknowledged that some of the turnover needed to support this level of floorspace will be taken from existing stores and is therefore simply diverting existing expenditure, these proposals will result in approximately 4,600 sqm of additional convenience net sales floorspace being added to the Island in the next 3 years.

7.31 This is a significant quantitative and qualitative improvement.

7.32 In terms of meeting the Island's quantitative needs, these commitments are for a mix of large and small foodstores. On the assumption that all of the stores would be built over the next 5 – 10 years and trading patterns established, the table below summarises the effect of these commitments:

	2017 £m	2022 £m	2027 £m
Total available expenditure	9.72	35.81	53.46
Turnover of commitments		48.00	48.00
Net residual capacity		-12.19	5.46

7.33 This shows that the existing commitments will meet the Island's forecast needs for convenience development.

7.34 Consistent with the national pattern of change within the convenience sector, we anticipate that the Island will continue to face pressure for additional discount foodstores and for smaller convenience stores for the retailers such as Sainsbury's and Tesco.

ESTIMATES OF COMPARISON NEED

7.35 The estimates of comparison need are summarised below:

Benchmark turnover	2013 (£m)	2017 (£m)	2022 (£m)	2027 (£m)
Newport	5.02	23.00	62.12	102.30
Sandown	0.18	0.81	2.19	3.61
Ryde	0.77	3.51	9.48	15.61
East Cowes	0.01	0.06	0.18	0.29
Cowes	0.09	0.39	1.05	1.73
Shanklin	0.23	1.07	2.90	4.77
Ventnor	0.06	0.29	0.79	1.30
Freshwater	0.05	0.23	0.61	1.01
TOTAL	6.41	29.37	79.32	130.62

Benchmark turnover	2013 sq m	2017 sq m	2022 sq m	2027 sq m
Newport	917	3,929	9,752	14,761
Sandown	32	139	344	521
Ryde	140	599	1,488	2,252
East Cowes	3	11	28	42
Cowes	16	67	165	250
Shanklin	43	183	455	688
Ventnor	12	50	124	188
Freshwater	9	39	96	146
TOTAL	1,171	5,016	12,451	18,848

7.36 As with the convenience analysis, the forecast is dominated by Newport and there are a number of commitments that will go some way towards absorbing some of the identified capacity, but not to any significant degree.

7.37 First, the consented foodstore at Newport will contain a significant non-food element of some 1,676 sq m. This is estimated to have a turnover of some £8.1m.

7.38 Second, planning permission has recently been granted for a retail store for The Range at Place Road, Cowes. The store will sell a mixture of DIY, craft, household and gardening accessories, and with a net sales area of 2,230 sqm, the total turnover is estimated to be £5.1m.

7.39 The level of committed comparison goods development is much less. The effects of this are summarised in the table below:

	2017 £m	2022 £m	2027 £m
Total available expenditure	29.37	79.32	130.62
Turnover of commitments		13.20	13.20
Net residual capacity		66.12	117.42

7.40 This shows that the growth in available comparison goods expenditure is significantly higher than the turnover of commitments, meaning that there is potential to develop additional comparison goods retail floorspace on the Island.

7.41 It should be noted that if additional floorspace is not provided, the practical consequence of this is that the turnover of existing stores will rise, thereby helping to make the centres more vital and viable.

MAIN VARIABLES IN THE QUANTITATIVE ANALYSIS

7.42 There are a number of key variables or inputs to the quantitative assessment, and minor adjustments to these individually or cumulatively can have a significant effect on the results and outputs of the assessment.

7.43 A brief comment on each one is provided below.

Population growth

7.44 The population of the Island is forecast to increase by almost 12%. In broad terms, this is equivalent to some 16,000 additional residents on the Island. With expenditure per head on convenience goods at 2027 of some £1,888 and £3,784 on comparison goods, these additional residents generate some £30m of spending on convenience goods and £61m on comparison goods.

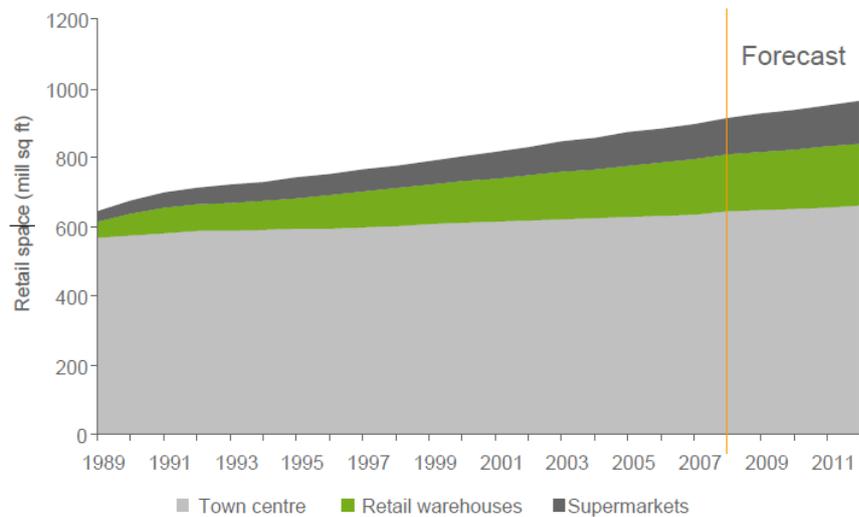
7.45 This shows the importance to the model to increases or decreases in the population of the Island and the rate at which it is forecast to increase.

Expenditure growth rates

7.46 The UK economy is finally coming out of a deep and prolonged recession. The extent and severity of the recession was not forecast in 2007/8.

7.47 A retail study completed in 2007 would have assumed continued economic growth over the period to 2014 and therefore the findings of any study completed at that time would have forecast steady growth in expenditure to 2014, instead of what actually happened which is that the economy contracted and there were periods of negative growth or very slow rates of growth. So the position today in terms of level of available expenditure is not what would have been forecast in 2007. An example of this is shown below which is a projection completed in 2008 by the National Retail Planning Forum.

Little slowdown in floorspace growth



- 7.48 This shows the sensitivity of a model to the expenditure growth rates that are used, and the choice of growth rates is based on previous trends.
- 7.49 Over a 10 to 15 year period, the compound effect of using higher or lower growth rates can be dramatic, especially when multiplied by the population of a catchment area. If the figures are over-stated, too much floorspace could be built and this would impact on the vitality and viability of centres.

Internet

- 7.50 Allowance needs to be made in retail models for expenditure that takes place “on the Internet” because the output of a retail model is to determine how much additional retail floorspace should be planned for. If the expenditure is not taking place in a retail store, then it is reasonable to exclude from the estimates of residents’ spending that which takes place on the Internet. In effect, the retail model is based on residents’ spending at retail stores.
- 7.51 There are also differences within sectors. As noted, in the convenience sector, home delivery of convenience goods is from a store, and therefore space is still needed within the store for the goods to be stored and then delivered. Equally there are convenience sales that take place direct from suppliers and no retail space is needed.
- 7.52 Within the comparison there are retailers will sell goods over the Internet and these are delivered from a store or available to collect from a store. Examples include John Lewis’ goods being able to collect from a Waitrose store, and many comparison stores give the option of being able to purchase the product over the Internet and then collect from a store. There are also companies such as Amazon who retail from warehouses and goods are delivered.

- 7.53 All of these subtle differences have to be allowed for in determining what percentage of residents' expenditure takes place on the Internet without any retail space being involved in the transaction. These adjustments are made by the companies that provide the retail expenditure data, but it is clear that these vary over time, and over the forecast plan period of say 15 years, these changes could be significant.
- 7.54 A further critical consideration is the rate at which expenditure on the Internet has changed over time. Many analysts and forecasters have significantly under-estimated the rate at which "Internet shopping" has grown in the last decade and estimates of future growth vary wildly.
- 7.55 Most retail models hold the rate of Internet shopping constant. This could be considered to be a cautious forecast based on the reality of what has happened over the last decade. However, without any reliable forecast of how this might increase, we have applied a constant figure and suggest that the Council monitor this on an annual basis.

Use of company average turnover data in convenience capacity analysis

- 7.56 In order to determine whether or not there is capacity within the convenience sector, it is commonplace to use company average turnover data to benchmark the performance of stores. Care needs to be exercised in the use of this data because of the changing fortunes of businesses within this sector and as some will rise, some will fall. At this point in time, the key businesses to watch are Aldi and Lidl where their market share is increasing, set against those of Tesco and Wm Morrisons that are falling. This is evidence of the dynamism and competition within this sector.

Household survey results

- 7.57 Household surveys are used to provide an empirical base to a retail model as these provide evidence of how residents "normally" shop for a wide range of goods, and the expenditure categories can be matched to provide a detailed pattern of expenditure attracted to a location, and hence its turnover.
- 7.58 It has to be understood that the model relies on a single answer to a question, and in reality, peoples' shopping patterns are complex, and vary.
- 7.59 This is especially true of convenience shopping patterns and is especially true of top up shopping. Residents' will say that they don't do top up shopping, but have they never bought a pint of milk or a loaf of bread in an emergency? It is simply that they don't think they do it.
- 7.60 There is also a cultural change taking place in the way that we shop for convenience goods and this is being reflected in the amount and type of floorspace that the retailers require. A few years ago, convenience retailers sought very large units selling the widest possible range of goods, and Tesco at Ryde is an example of that. As customers shopping patterns have increasingly moved away from the weekly "bulk food" shop to regular purchases of baskets of

food or convenience items, so the retailers have responded with smaller formats, and this is evident on the Island with the increase of formats such as Sainsburys Local, Tesco Express and locally-sized Co-op stores.

- 7.61 This market continues to evolve and the dominance of the large retailers is increasingly being challenged by the discount retailers and Aldi and Lidl are already represented on the Island. So patterns of shopping recorded today may become out-of-date as residents' change their shopping patterns in response to how they want to shop – more top up which they can do at larger stores – and also being increasingly cost conscious and using discount retailers more.
- 7.62 All of these matters require constant monitoring by the Council and we suggest that this is included within an Annual Monitoring Report.

8 STRATEGIES FOR KEY AND SMALLER REGENERATION AREAS

- 8.1 The Island Plan Core Strategy seeks to direct development to the larger areas or settlements on the Island, and these are identified as the Key Regeneration Areas of the Medina Valley (Newport, Cowes and East Cowes), Ryde, The Bay (Sandown, Shanklin and Lake) and the Smaller Regeneration Areas of West Wight (Freshwater and Totland) and Ventnor.
- 8.2 There are wider regeneration strategies and initiatives that the Council and its partners are pursuing for these areas, and this section summarises the broad retail development potential for each area.
- 8.3 The tables below summarise the capacity or “need” for these areas, reflecting the range in sales density in the convenience sector of £10,764/sq m and £5,382/sq m, depending on whether the convenience need is met with a larger foodstore or a smaller one(s), and also allowing for all commitments.

Convenience capacity

	2017 £m	2022 £m	2027 £m
Total available expenditure	9.72	35.81	53.46
Turnover of commitments		48.00	48.00
Net residual capacity		-12.19	5.46

Comparison capacity

	2017 £m	2022 £m	2027 £m
Total available expenditure	29.37	79.32	130.62
Turnover of commitments		13.20	13.20
Net residual capacity		66.12	117.42

- 8.4 As noted, there is limited capacity in the convenience sector, although it is anticipated that there will continue to be demand from discount retailers and for small-store formats for the larger retailers, such as Sainsbury’s and Tesco.
- 8.5 In the comparison sector, there is considerable pressure for development and this is across the Island as a whole, although the need is heavily skewed towards Newport as the dominant centre.

MEDINA VALLEY

Newport

- 8.6 Newport's dominance of the retail market on the Island is reflected in the level of potential "need" for additional convenience and comparison floorspace that has been identified as a result of its current market share. The total potential for additional floorspace is greater than the forecast for the whole of the rest of the Island combined.
- 8.7 The market continues to show the greatest interest in Newport and the majority of interest from national multiples will be for opportunities in Newport.
- 8.8 The recent grant of planning permission for 2 foodstores at Newport is evidence of this and before that, the last major retail development on the Island was the redevelopment of the bus station in the town centre.
- 8.9 These two developments will lead to a shift in the core of Newport town centre in a slightly more southerly direction. Given the dated nature of the area around Marks and Spencer, Wm Morrisons and Matalan, we consider that this area is likely to come under pressure for redevelopment.
- 8.10 Within the town centre itself, major development opportunities or sites are limited, and this is evidenced by the fact that the developments that have taken place have been on edge of centre sites. As noted, the redevelopment of the bus station was the last major development within the town centre. Given the level of forecast growth in available expenditure, we recommend that the LPA should consider identifying further opportunities for town centre and edge of centre development at Newport. This strategy would strengthen Newport's role as the main shopping destination on the Island, as well as ensure that provision is made to meet the identified capacity and ensure that the needs of retailers are met.
- 8.11 One source of development pressures is likely to be individual national multiples requiring larger units within the primary shopping area, rather than necessarily in the form of a shopping development comprising a number of units. This raises challenges where almost all of the units are located within a conservation area. Care will need to be exercised to balance conservation considerations with the "town centres first" policy objective to support town centres. These applications should be dealt with on a case by case basis and we do not recommend that the LPA seek to make specific allocations for this, instead it should respond to proposals from retailers and/or developers.
- 8.12 As part of the assessment of future development sites, we note that there are often pressures to develop on car parks because these are "easy wins". Access to car parking, both in terms of the number of spaces and their pricing, is a key consideration for customers. This is particularly important when parking at edge or out of centre retail facilities is free. If Newport is

to grow and continue to be successful, we recommend that the LPA resist development of car parks in the town, and also that this restraint apply to all of the Island's towns/centres.

- 8.13 As parking is a critical contributor to the vitality and viability of Newport town centre, consideration should be given within future DPD policy to protecting existing car parking spaces in the first instance. If spaces are lost, they should be replaced elsewhere in order to maintain a range of parking options for the town.
- 8.14 As part of a wider town centre / regeneration strategy for Newport, particular consideration should be given to the current level of parking and associated charges with a view to supporting town centre retailers and the wider viability and vitality of the town centre.
- 8.15 The centre appears to be over-shopped and this is evidenced by the relatively high vacancy rates on some of the peripheral shopping streets.
- 8.16 Consideration could be given to allowing for the managed contraction of the shopping centre and / or greater flexibility over non-retail uses in peripheral frontages. It is suggested that the LPA reviews the current town centre boundary and primary shopping area, to take account of the bus station development and current vacancy rates within the town centre. In subsequent DPDs, it is recommended that retail designations such as primary and secondary frontages should be reviewed having regard to guidance in the NPPF.

Cowes and East Cowes

- 8.17 Development pressures in Cowes and East Cowes are likely to be more local in nature.
- 8.18 Cowes continues to experience highly seasonal pressures – busy in the summer and much quieter in the winter. This seasonality is reflected in the health check finding that some 31% of units were in leisure use. This is likely to continue.
- 8.19 We recommend that the LPA should, in partnership with relevant stakeholders, establish a clear strategy for the future of Cowes town centre that will set out how the town centre should be managed over the life of future DPDs. This could particularly focus on the split between retail and leisure uses and how this should influence the strategy.
- 8.20 In East Cowes, the regeneration of the centre is continuing with the opening of Waitrose, and therefore it will be some time before the centre settles. It is unlikely that there will be further retail development pressures within the town centre and therefore it is suggested that no further retail allocations are necessary. This approach should, however, be reviewed on a regular basis, particularly if the consented retail development does not get built.

RYDE

- 8.21 Ryde is the second largest town on the Island measured by the number of retail outlets in the centre and this is reflected in the range of small and independent retailers. There is significant potential for additional floorspace to be provided in both sectors.
- 8.22 However it continues to face three main challenges as it seeks to grow and become more vital and viable:
- (a) Newport remains the dominant centre and the greatest pressure for retail development will continue to be in Newport,
 - (b) the changes in levels within the centre, and
 - (c) the sheer length of the centre as the High Street extends for a little over 1,000 metres from the Pier to its junction with Wells Street.
- 8.23 As with Newport, the centre appears to be over-shopped and this is evidenced by the relatively high vacancy rates on some of the peripheral shopping streets. This could be achieved by reviewing the current town centre boundary and extent of the primary shopping area. Within subsequent DPDs, retail designations such as the boundary of the primary shopping area and secondary frontages should be reviewed having regard to guidance in the NPPF.
- 8.24 Consideration could be given to allowing for the managed contraction of the shopping centre and / or greater flexibility over non-retail uses in peripheral frontages.
- 8.25 Any pressures for development are likely to be for in-centre minor developments, such as Sainsbury's proposals to merge two units to form a Local store.

THE BAY

- 8.26 Sandown is the largest centre within The Bay and is the third largest on the Island. The development potential of the centre is relatively constrained because development is likely only to be practical on the north side of the High Street, therefore opportunities for development are likely to be limited and small in scale, probably infill.
- 8.27 Because of this, future pressure is likely to occur in edge of centre or out of centre locations and in this instance, key considerations will be the potential for linked trips and diversion of trade from the town centre. Therefore, in the case of the Bay, it is strongly recommended that a local threshold for retail impact assessments is introduced (see below) to determine whether new retail development would have a negative impact on the existing town centre.
- 8.28 There is potential for additional development at Shanklin, probably small in scale and likely to be directed to the northern part of the centre.

- 8.29 Consideration should be given to protecting the existing local offer. This could be achieved by reviewing the current town centre boundary and primary shopping area, with a view to exploring whether expanding these would help to reduce the net loss of retail units and an erosion of the overall offer. Within subsequent DPDs, retail designations such as the boundary of the primary shopping area and secondary frontages should be reviewed having regard to guidance in the NPPF.
- 8.30 Lake as a “town centre” does not currently attract significant levels of turnover and the development potential will be limited. It is considered that the existing retail offer on Lake High Street provides an important local amenity and because of this an appropriate level of policy protection should be considered.

VENTNOR

- 8.31 Due to the increased level of recent convenience provision, such as the opening of a Tesco Express store, the need for additional retail development at Ventnor is modest, and it is considered that any pressure is likely to be for in-centre development.
- 8.32 It is recommended that planning policies focus on protecting the existing offer, which is for local convenience and specialist comparison goods, such as antiques and vintage items.

WEST WIGHT

- 8.33 The identified retail development potential in West Wight relates to Freshwater.
- 8.34 As noted, planning permission has been granted for a new store on an out-of-centre location close to the existing Co-op store. Within the centre, vacancy rates have fallen, and this would appear to be reflected in the increased number of charity shops.
- 8.35 The development potential in the town centre is likely to be limited to in-centre development to alter existing units.
- 8.36 It is recommended that the LPA should, in partnership with relevant stakeholders, establish a clear strategy for the future of Freshwater town centre to identify the most appropriate land use planning strategy to ensure that it continues to fulfil its role as a wider than local centre. A key component of this should be to review the current town centre boundary and primary shopping area. Such an exercise if considered necessary because of the already fractured nature of the retail offer within an extended linear town centre boundary.
- 8.37 Within subsequent DPDs, retail designations such as the boundary of the primary shopping area and secondary frontages should be reviewed having regard to guidance in the NPPF.

LOCALLY SET FLOORSPACE THRESHOLDS

- 8.38 The NPPF (para 26) advises that local planning authorities can put in place local impact thresholds, where it is considered expedient to do so. The default threshold is 2,500 sq m.
- 8.39 It is considered that a locally set threshold is appropriate on the Isle of Wight for the following reasons.
- 8.40 First, most of the retail floorspace across the Island is small in scale and this reflects the retail hierarchy of the Island. The majority of retail outlets are less than 500 sq m.
- 8.41 Second, with the exception of Newport, a store of 2,500 sq m would represent a very significant proportion of the total retail floorspace of the remaining centres.
- 8.42 Third, according to the Sunday Trading laws, a 'large shop' is one which is over 280sq m. A threshold at or below that level would not be reasonable, but it is a guide to national thinking as to what constitutes a 'large shop' that could have an impact on other shops.
- 8.43 Based on this analysis, it is recommended that for the Isle of Wight, a local floorspace threshold of 500 sq m gross for all centres on the Island and 1,500 sq m for Newport.
- 8.44 It must be emphasised that this does not mean that planning permission would be refused for development over these thresholds. Simply that for any proposal that is not in a town centre of allocated for development, a full impact assessment will be required.