



North Kent SHENA

Retail & Commercial Leisure Assessment

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Final Report
Volume 1 — Main Report
November 2016

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1. Introduction & structure of report

- 1.1 GVA has been instructed by Gravesham Borough Council and Medway Council ('the Councils') to undertake a Retail & Commercial Leisure Assessment as part of a wider instruction to prepare the North Kent Strategic Housing and Economic Needs Assessment (SHENA). The Retail & Commercial Leisure Assessment will, in common with the rest of the SHENA, inform planning policy and development control decisions undertaken separately by both Councils. This assessment provides a robust evidence base for Plan preparation, setting out the 'need' for new retail and commercial leisure floorspace, as well as providing broader strategic guidance on enhancing the vitality and viability network of town and district centres.
- 1.2 Our study has been informed by on-site and desk-based information gathering, including site visits to each of the town and district centres in Gravesham and Medway. Further evidence is provided by way of a household telephone survey of shopping and leisure patterns across the two authority areas, and through undertaking an analysis of surrounding areas in which residents may look towards facilities in Gravesham or Medway to meet their shopping and leisure needs. Household telephone surveys capture the shopping and leisure visit patterns of households across an agreed survey area, with the overall outer boundary defined to reflect the main catchments of the centres in Gravesham and Medway. The extent of the survey area was agreed with the Councils at initial stages of preparation of the study, and is informed by survey areas used for the Councils' previous evidence base studies and our experience having undertaken retail studies in neighbouring areas e.g. Dartford Borough Council.
- 1.3 The results of the household survey also provide an understanding of the extent to which centres outside Gravesham and Medway capture expenditure available from within the study area. This is defined as the amount of expenditure 'leakage' taking place from within the study area i.e. Gravesham and Medway to outside centres e.g. Bluewater.
- 1.4 In order to provide a more detailed analysis of shopping and leisure patterns across Gravesham and Medway we have defined a number of survey zones. The survey zones are split into geographically distinct areas for the purposes of our analysis, and it should be noted that the survey areas used do not represent or reflect areas drawn by the local authorities within policy or for other projects/studies, we have defined the overall survey area into a total of 15 survey zones:
- Zones 3, 5, 6 and 8 of the survey area broadly equate to the boundaries of Gravesham Borough;
 - Zones 7, 9, 10, 11, 12, 13 and 14 of the survey area broadly equate to the boundaries of Medway; and
 - Zones 1, 2, 4 and 15 cover those parts of the survey area which are outside the boundaries of Gravesham and Medway but where previous evidence indicates residents may look towards centres in Gravesham and Medway for their shopping and commercial leisure spending.

1.5 A plan of the survey area and zones can be found in **Volume 2** to the Study.

Structure of report

1.6 Our study is split into three volumes. This report forms **Volume 1**; **Volume 2** sets out supporting plans and appendices; and **Volume 3** provides the household telephone survey data and is prepared by NEMS Market Research. The remainder of this report is structured as follows:

- **Section 2** sets out our review of national, strategic and local planning policies relevant to retail and leisure planning;
- **Section 3** considers national trends in the retail sector, and in particular the implications of recent economic growth and technological advances which are impacting on shopping habits;
- **Section 4** considers the wider study context, identifying the most popular shopping destinations for residents in the survey area, the key competing centres and the influence which these centres are likely to have on the future role of centres within Gravesham and Medway;
- **Section 5** reviews the composition, role and function of current shopping provision in the town and district centres within Gravesham and Medway, as well as out-of-centre-shopping provision.
- **Section 6** sets out our approach to calculating retail capacity, including definition of the survey area and discussion of the approach to the household telephone survey;
- **Section 7** sets out the quantitative 'need' for additional convenience (food) and comparison (non-food) retail floorspace for the Local Plan period to 2028 and for the study period to 2037 for Gravesham Borough, whilst **Section 8** sets out capacity forecasts for Medway. Both sections also undertake scenario testing of 'need' levels which arise under different SHMA-based housing growth projections;
- **Section 9** sets out our review of commercial leisure provision within and outside Gravesham and Medway, and draws conclusions in respect of the quantitative and qualitative need for additional commercial leisure facilities; and
- **Section 10** draws the analysis together and sets out our conclusions, strategic guidance and recommendations on future change and growth in the network of centres in Gravesham and Medway.

2. Policy framework

- 2.1 In this section we summarise the key features of national and local planning policy guidance which provide the context and framework for this study.

National Policy Framework

National Planning Policy Framework (NPPF), 2012

- 2.2 The National Planning Policy Framework (NPPF), published on 27 March 2012 sets out the Government's approach to planning for England and replaces the suite of national Planning Policy Statements, Planning Policy Guidance and Circulars with a single document.
- 2.3 The NPPF continues to recognise that the planning system is plan-led and therefore Local Plans, incorporating neighbourhood plans where relevant, are the starting point for the determination of any planning application. In line with the Government's aim to streamline the planning process, each Local Planning Authority (LPA) should produce a single Local Plan for its area with any additional documents to be used only where clearly justified.
- 2.4 The NPPF maintains the general thrust of previous policy set out in PPS4 – Planning for Sustainable Economic Growth (2009). It advocates a 'town centres first' approach, and requires planning policies to positively promote competitive town centre environments and manage the growth of centres over the plan period. In planning for town centres 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 shopping 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 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 economic development needed in town centres. Where town centre sites are not available, LPAs should adopt a sequential approach to allocate appropriate edge of centre sites;

- 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
- Where town centres are in decline, plan positively for their future to encourage economic activity.

2.5 LPAs are required to ensure that the Local Plan is based on adequate, up-to-date and relevant evidence about the economic, social and environmental characteristics and prospects of the area. These assessments should be integrated and take full account of relevant market and economic signals. LPAs should use the evidence base to assess, inter alia;

- The needs for land or floorspace for economic development, taking account of both quantitative and qualitative requirements for all foreseeable types of economic activity over the plan period, including retail and commercial leisure development;
- The existing and future supply of land available for economic development and its sufficiency and suitability to meet the identified needs;
- 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.

2.6 Local Plans are examined by an independent inspector whose role it is to assess whether the plan is sound. In order to be found sound a Local Plan should be:

- **Positively prepared** i.e. based on a strategy which seeks to meet objectively assessed development and infrastructure requirements
- **Justified** i.e. the most appropriate strategy, when considered against the alternatives;
- **Effective** i.e. deliverable over its plan period and based on effective joint working; and
- **Consistent with national policy** i.e. enable the delivery of sustainable development

2.7 Overall, the NPPF adopts a positive approach, with a presumption in favour of sustainable development and support for economic growth. In terms of decision-making, applications for planning permission must be determined in accordance with the development plan unless material considerations indicate otherwise. The NPPF is a material consideration in planning decisions.

- National Planning Policy Guidance (NPPG) (2014)

2.8 In March 2014 the Department for Communities and Local Government (DCLG) launched the online planning practice guidance (PPG), which cancelled a number of previous planning practice guidance /statement documents, including Planning for Town Centres - Practice guidance on need, impact and the sequential approach (2009). The PPG adds further context to the NPPF and it is intended that the two documents should be read together. For retail the PPG provides technical guidance on how to prepare a robust evidence base and how to assess and plan to meet the needs of main town centre uses in full, through production of a positive vision or strategy for town centres.

Local Policy Framework for Gravesham Borough

2.9 Following the adoption of the Gravesham Local Plan Core Strategy, the Development Plan for Gravesham comprises:

- Gravesham Local Plan Core Strategy (adopted September 2014);
- Saved policies from the Gravesham Local Plan First Review (adopted November 1994);
- Kent Minerals and Waste Local Plan 2013 – 2030 adopted July 2016; and
- A number of Supplementary Planning Guidance documents and Development Briefs have also been adopted by the Council. These documents are material considerations which are taken into account when making planning decisions.

Local Plan Core Strategy (2014)

2.10 Following the receipt of the Inspector's Report in July 2014, the Council adopted the Gravesham Local Plan Core Strategy and Policies Map in September 2014. They now form part of the Development Plan for the Borough. The Core Strategy sets out the Council's long term spatial vision for the Borough and covers the period from 2011-2028.

2.11 Core Strategy Policy CS08 states that the Council will seek to reinforce a sustainable network and hierarchy of centres by maintaining the sub-regional role of Gravesend town centre; protecting and enhancing existing local centres, and creating additional local centres to meet local retail needs generated by new development. The policy also states that Gravesend town centre will be maintained as the highest order centre within the Borough and retail, leisure, entertainment facilities and the more intensive sport and recreation uses will be directed towards it.

2.12 The Core Strategy also indicates the likely scale and form of retail and leisure development that may need to be accommodated over the plan period. Using evidence gathered from the Gravesham Retail and Commercial Leisure Study (2009), Gravesham Retail and Commercial Leisure Study Addendum (2010) and Gravesham Retail Study Update (2012), a summary of quantitative retail need (up to 2028) these studies identified is as follows:

- Up to 16,660 sq m net (22,210 sq m gross) comparison (non-food) goods floorspace; and

- Up to 1,620 sq m net (2,180 sq m gross) convenience (food) goods floorspace

2.13 The Local Plan Core Strategy identifies a large area within Gravesend town centre as the 'Gravesend Town Centre Opportunity Area'. Policy CS05 states that this area will be the principle focus for town centre related economic and social activity in the Borough. More specifically, development of the Heritage Quarter will provide a high quality, mixed use development of around 330 dwellings, around 10,500 sqm gross of primarily comparison retail floorspace (Class A1), some office floorspace (Class B1a) and a hotel. The Core Strategy also states that the Heritage Quarter Key Site is the sequentially preferred location for new larger scale retail provision, as it provides a natural extension to the existing primary shopping area in Gravesham town centre.

Saved Local Plan First Review Policies (1994)

2.14 The Gravesham Local Plan First Review was adopted in 1994, and many of its policies were saved by the Secretary of State in a Direction letter issued in September 2007. Some of the saved policies have been replaced in whole or in part by policies in the 2014 Gravesham Local Plan Core Strategy. The remaining saved policies from the Local Plan First Review will continue to apply, (see supporting appendices to the Gravesham Local Plan Core Strategy 2014).

Local Policy Framework for Medway

2.15 Medway Council's Development Plan currently consists of the Medway Local Plan and a range of supplementary planning documents. The Local Plan was adopted in May 2003, and there remain a number of 'saved' policies of relevance to this Study:

- **Policy S1** seeks to prioritise development and redevelopment within the urban areas of the district, with a focus on the Medway riverside areas and Chatham, Gillingham, Strood, Rochester and Rainham town centres.
- **Policy R1** aims to resist the development of major Class A1 comparison proposals (over 2,500 sq m gross floor space) outside of the defined core area of Chatham (as outlined on the proposals map).
- **Policy R2** states that development of additional Class A1 convenience floorspace will be permitted within the Core Area as first choice, or (if suitable sites are not available) on the edge of the Core Area.
- **Policy R3** encourages the refurbishment or replacement of Chatham's former indoor market, superstore and associated multi-storey car park at the Brook/High Street for other appropriate town centre uses.
- **Policies R4, R5, R6 and R8** state that use Classes A1, A2 and A3 and other uses appropriate to a District Centre will be permitted provided they support the vitality and viability of the centre as a whole within Strood, Gillingham, Rochester and Rainham. Policy R7 states how within Hempstead Valley Shopping Centre, development will be limited to minor extensions not resulting in a net increase in retail floorspace, and improvements to existing facilities.

- **Policy R11** aims to direct Business Employment (Class B1(A)), leisure and entertainment uses, cultural and educational facilities towards the main centres of Chatham, Strood, Gillingham and Rainham.
- **Policy R13** states that retail development outside the main retail centres will only be permitted if a robust sequential test has been carried out.
- **Policy L1** explains that development which would result in the loss of leisure facilities will generally be resisted. Policy L2 states that within or on the edge of town centres, leisure uses falling within use Classes D1 and D2 and other theatre, arts and cultural leisure uses will be permitted.

2.16 The Local Plan identifies a hierarchy of centres for Medway, as summarised in Table 2.1.

Table 2.1: Hierarchy of centres in Medway

Main Retail / City Centre	District Centres	Local Centres & Retail Parks
<ul style="list-style-type: none"> • Chatham 	<ul style="list-style-type: none"> • Strood • Gillingham • Rainham • Hempstead Valley Shopping Centre • Rochester 	<ul style="list-style-type: none"> • 74 no. Local Centres • Gillingham Business Park • Horsted Retail Park • Strood Retail Park

2.17 Medway Council is undertaking work on a new Local Plan which will replace the currently adopted 2003 Medway Local Plan, and cover the period up to 2035.

2.18 In January 2012, the Council approved a Submission Draft of the Core Strategy (2006-2028). The Core Strategy was subsequently withdrawn from Examination in November 2013. In light of this, the Local Plan (2003) policies therefore remain the most relevant and up to date development policies for the district.

Supplementary Planning Guidance

2.19 A number of supplementary documents and guidance briefs have been prepared by Medway Council that are of relevance to this study. A summary of each document's objectives and identified opportunities (if any) is provided below.

Chatham Centre & Waterfront Development Framework (2004)

2.20 The adopted Development Framework aspires to transform Chatham town centre into Medway's most vibrant and thriving centre. The document sets out a number of regeneration objectives for Chatham which includes establishing the centre as a destination of choice for local people and promoting a centre which accommodates a wide range of uses and activities which cater for the needs and aspirations of all sections of the community. In addition, the framework seeks to deliver a greatly improved provision of shopping and leisure facilities including the expansion and refurbishment of the Pentagon Centre to increase floorspace by c.15,000 sq m (GEA), a new food store of approximately 8,000s sq m (GEA) and over 8,000 sq m of small-scale employment space and ground floor retail and leisure uses.

Chatham Centre & Waterfront Development Brief (2008)

- 2.21 In 2008, a supplementary brief to the Chatham Centre and Waterfront Development Framework (2004) was adopted. This brief provides detailed guidance for three 'masterplan' areas which comprise; The Brook and adjoining areas, the Station Gateway (land between Chatham Station and the Waterfront) and the Waterfront (covering the area from Sun Pier to Gun Wharf). As was the case for the 2004 Framework, the Development Brief's objectives included transforming Chatham into a destination for cultural, retail and leisure facilities. A total of 26,500 sq m new retail floorspace is proposed within the brief, with the majority of new retail space (20,000 sq m) being allocated for The Brook masterplan area.

Chatham High Street Masterplan (2010)

- 2.22 The Chatham High Street Masterplan was adopted in 2010 as a complementary Supplementary Planning Document (SPD) to the Chatham Centre and Waterfront Development Framework and Brief. The masterplan was adopted in order to stimulate and guide development in the central area of the town, allowing for significant expansion of retail and a restructuring of the town centre.
- 2.23 This overarching vision is divided into four phases. Phase 1 sets out a strategy to redevelop the area to the rear of the Theatre and Primark store to provide a range of uses including c. 8,000 sq m of retail. Phase 2 proposes the redevelopment of the Debenhams store, car park and indoor market area to provide c. 36,000 sq m retail space and other associated uses. Phase 3 encompasses the Pentagon Centre multi-storey car park and High Street shop premises to provide c. 14,000 sq m of retail floorspace, and Phase 4 proposes the redevelopment of Halfords and Iceland premises to provide c. 6,000 sq m of retail floorspace and other uses. Altogether this adds up to approximately 64,000 sq m of retail floorspace.

Gillingham Town Centre Development Framework (2007)

- 2.24 The Gillingham Town Centre Development Framework was designed to stimulate and guide the development of the town centre. Within this framework, an assessment of development opportunities for key sites was undertaken. Gillingham's 'Retail Core' (land between High Street, Jeffrey Street and Green Street separated by Sappers Walk) is identified as a key retail opportunity site that could provide a medium-size supermarket with additional smaller retail units fronting onto the High Street.

Rochester Riverside Development Brief (2014)

- 2.25 Rochester Riverside is identified within the brief as a major opportunity to deliver a sustainable residential neighbourhood with a number of commercial, employment and community hubs. The Council's vision is that the development will complement and strengthen links with the historic heart of Rochester and also contribute towards the wider regeneration of Medway. The Development Brief masterplan includes a modest proportion of retail activities including café and restaurant uses in the following locations; Station Gateway – which is envisioned to include a small foodstore, and Blue Boar Wharf – which will be a destination for food, drink and small-scale retail activities.

Strood Town Centre Masterplan (2009)

- 2.26 The masterplan provides a long-term vision for future development and regeneration of Strood Town Centre. The vision is to provide a dynamic and high quality town centre that offers a range of services and facilities for residents, business and visitors that is easily accessible to all. Key sites included within the masterplan include the Tesco Store, which is identified as being suitable for reconfiguration and expansion to provide retail frontage to Knight Road/Commercial Road/High Street. Smaller sites, including vacant units along the High Street are also identified as being suitable to meet identified retail need.

3. National market trends

- 3.1 In this section we set out a summary of current national trends in respect of the retail and commercial leisure sectors, which can have implications for future growth of centres and demand for new retail floorspace. As part of our assessment, we consider the potential implications of these trends on centres in Gravesham and Medway.

Economic Upswing

- 3.2 Analysis published by Experian (Retail Planner 12.1, October 2014) concluded that following several years of subdued performance, including a period of recession; a 'strong economic upswing' took place in early 2013, driven by increases in consumer spending and business investment. Experian note that whilst there remain drags on growth in terms of fiscal constraint and a weak export market, 'low inflation, strong employment growth and high levels of consumer and business confidence point to sustained expansion, albeit at a more modest pace [than prior to the economic downturn]
- 3.3 Consumer and investor confidence is tentatively returning, and centres in Gravesham and Medway can therefore be expected to benefit directly from the upturn in the wider national economy as footfall and expenditure in town centres increase and vacancy rates decrease. However, as reported by KPMG, Deloitte and others this is within a context of consumers utilizing a higher proportion of their spending power to payback mortgages, upgrade their residential properties and on experimental activities (i.e. fast moving consumer goods, apparel, travel, hospitality, etc.). This is also against a backdrop of political uncertainty linked to the EU-referendum which weakens business and consumer confidence that in turn has negative implications for spending.

Changing Retailer Space Requirements

- 3.4 During the recession retailers' margins were squeezed, whilst other costs continued to rise. As a result a raft of multiple and independent retailers have either collapsed or significantly shrunk their store portfolios. The growth of online retailing means that retailers no longer need stores in every town to achieve national coverage, and many are therefore focusing their development programmes on the provision of large flagship stores in strategic locations (examples of which include Bluewater, Lakeside and Westfield Stratford City), supported by smaller satellite stores and online stores.
- 3.5 The larger flagships accommodate full product ranges whilst smaller stores offer more select ranges, often supplemented by internet kiosks allowing access to the full range. This offers many advantages to retailers including lower property costs, more efficient logistics and being able to open stores where there is a high level of demand despite there being space restrictions. This 'polarisation' of retailing is enabling larger dominant centres to continue to attract key flagship formats. This can pose a particular challenge to smaller and medium-sized centres – Gravesend and Chatham being particular examples – where there are higher order destinations in close proximity, in this case Bluewater, Lakeside and

Westfield Stratford City (which is easily accessible by many residents in Gravesham and Medway via the High Speed 1 rail line into St Pancras International). An often inevitable consequence is that smaller and medium-sized centres become home to more lower market, value-orientated retailers – Poundland, Wilko, Primark and so on. Much in the same way that Woolworths previously did, these value-orientated retailers are developing a comprehensive network of coverage, often by being able to acquire prime retail sites at relatively competitive rates.

- 3.6 High order centres / regional shopping centres such as Bluewater are predominately accessible by car and tend to be dominated by established retail chains rather than independents or local retailers. Trade diversion to such centres from established town centres is uneven and dependent on a number of factors such as consumer demography, local economic environment and characteristics of the existing centres. However certain trends have been observed when regional centres open, these include existing town centres falling in retail rankings, trade diversion occurring especially for comparison retailing when linked to established retail chains. Smaller businesses and independent businesses tend to remain within existing town centres, however they are impacted by trade diversion to regional centres which can impact pedestrian and consumer flows. Regional shopping centres do provide a number of benefits however, they tend to be catalysts for transforming areas through regeneration and attracting investment, they provide increased employment opportunities for local labour markets and boost local tourism.
- 3.7 As noted earlier, both Gravesham and Medway are served by Bluewater and to a lesser extent Lakeside. As noted in previous retail studies undertaken for Gravesham and Medway respectively, both authority areas have experienced trade diversion from their existing centres to Bluewater.

Internet Growth & Multichannel Retailing

- 3.8 According to the Office for National Statistics 74% of adults bought goods or services online in 2014, up from 53% in 2008¹ and in November 2014 the amount spent online accounted for 12% of all retail spending². As the online shopping population is reaching saturation point, future growth in online sales will likely to come from increased spend driven by new technology, a better 'browsing' experience and improved delivery options. The growth in online sales has previously raised concerns about the continued need for bricks and mortar stores; however trends indicate that online and in-store shopping channels are becoming increasingly blurred, with many retailers using their bricks and mortar stores to complement their online offer and vice-versa. Many retailers now seek to deliver seamless multi-channel customer experiences, so that a consumer's retail experience is supported and served comprehensively irrespective of the mixture of channels utilised.
- 3.9 The 'Click and Collect' market is the largest on-line growth sector in the UK at the current time. It is forecast to be one of the most significant drivers of growth, with expenditure set to grow by 82%

¹ <http://www.ons.gov.uk/ons/rel/rdit2/internet-access--households-and-individuals/2014/index.html>

² <http://www.ons.gov.uk/ons/rel/rsi/retail-sales/november-2015/stb-rsi-nov-15.html#tab-Internet-sales-in-detail>

between 2014 and 2019 to £6.5bn (Verdict 2014). Verdict comment that ‘the importance of click & collect should not be underestimated. Maintaining a store network that can offer locality, whilst also having highly informative websites to drive growth, is now a fundamental requirement’. It can be used as an important tool in helping town centres to continue to have an important role and function, by being a footfall generator in its own right. Retailers present in the Gravesham and Medway areas which have an established ‘click and collect’ operation include Boots (which has stores in Gravesend and all but one of the Medway centres), Debenhams, Tesco, Sainsbury’s and Wilko. Retailers are also experimenting with developing the ‘click & collect’ format further — Argos for example now offers a service whereby shoppers can collect purchases from eBay. A number of online retailers, including ASOS and Amazon, also offer facilities whereby customers can collect purchases from local newsagents/convenience stores, whilst Amazon also operates ‘Amazon Lockers’ in a number of branches of Co-Operative foodstores.

- 3.10 It is apparent that, despite being a relatively new concept for the retail sector to embrace, click & collect is affirming that physical stores will continue to have a role in the multichannel shopping environment. The advantages of physical stores, in terms of the shopping experience, service and immediacy of products in a showroom setting, will ensure that a network of key stores remains a fundamental component of retailer’s strategies to provide an integrated multichannel retail proposition. Importantly for the network of centres in Gravesham and Medway, the Click and Collect phenomenon can be expected to drive an occupier desire to maintain a representation of physical store units across town centres, as it also allows retailers the opportunity to upsell during customer collection, encouraging consumers to spend more.

The Role of the Town Centre

- 3.11 Whilst the town centre has been the main shopping channel for centuries, two key factors have changed the role of town centres. Firstly, the shockwave of the global financial crisis which had and continues to have a profound impact on town centres. The financial crisis resulted in falling house prices, loss of jobs, little or no growth in real disposable income and was mirrored by a collapse in consumer confidence. This created a difficult economic environment for many retailers with some such as Woolworths, JJB Sports, Jessops and HMV entering into administration and receivership. Data collated by the Centre for Retail Research shows that during 2007-2013 256 retailers failed, which affected 24,560 stores and 221,087 employees. This was reflected on the high street and town centres through an increase in vacancies and voids. However, not all of these impacts have been negative as businesses that could change and adapt have harnessed new opportunities in these turbulent times.
- 3.12 The second key factor is the progressive rise of online shopping, including ‘m-tailing’ (shopping through mobile phones, tablets and so on). Online shopping has replaced some consumer trips previously made to town centres and altered the frequency and length of trips made to town centres. Many centres will need to continue to adapt in order to remain viable shopping destinations. Emerging trends suggest that many centres will be used increasingly for leisure and social activities as well as traditional retailing,

with more bars, restaurants, food outlets and community spaces. Our assessments of the centres in the study area shows that this is a key area in which many of the centres in Gravesham and Medway (with Rochester being the noticeable exception) are currently under-provided for, and therefore this represents an important opportunity for these centres in future years. Centres which offer unique/specialist retail offer which cannot be matched online are likely to continue to perform strongly. As noted earlier retailers are becoming more reliant on a multi-channel business model, whereby retail stores fulfil the role of showrooms for merchandise as well as convenient locations for consumers to 'click and collect' their goods or to return items.

- 3.13 Enhancing the non-retail offer to enable towns to function as more than just retail locations; this will help drive footfall and increases dwell time. Towns should promote unique attractions such as heritage assets, historic buildings and cultural features which help to differentiate a centre and improve its attractiveness. Rochester is an example of a centre which has maximised the historical assets in its town centre; whilst Gravesham and Chatham also both offer important heritage assets, they are not drawing on these assets sufficiently so as to benefit the wider vitality and viability of the respective town centres. We return to discuss this point later in the report.
- 3.14 In summary, to ensure that town centres have a viable future moving forward they need to be more than simply locations for shopping. Whilst the shopping function of a centre will continue to be a key driver of footfall, this will need to be underpinned by a strong leisure and cultural offer which compliments the offer available in higher order centres and via the Internet. Town centres need to be attractive places to visit and to spend dwell time, this can be achieved through maintaining a high quality public realm, undertaking place marketing initiatives and improving accessibility. The latter can be achieved through improving public transport and ensuring adequate car parking provision that promotes as sense of safety and security.

Convenience Goods/Foodstores

- 3.15 The main foodstores (i.e. the 'big four' - Sainsbury's, Tesco, Asda, Morrisons) have reigned in substantial expansion and the roll-out of super-sized stores. Both Tesco and Morrisons announced a closure programme of underperforming stores in early 2015, with Tesco's store in Chatham town centre one of 43 stores closed nationwide by the retailer. The combined spread of small-format convenience stores, which are largely catered towards meeting frequent-trip, 'top-up' shopping needs, online grocery sales, and the rapid expansion of 'deep discount' retailers such as Aldi and Lidl cater for fundamentally changed consumer shopping behaviour. A combination of the increased presence of retailers such as Aldi and Lidl (due to their rapid expansion), combined with the economic crisis, which saw many consumers seek to balance household budgets by undertaking shopping at these 'deep discount' retailers, has served to erode the market share of the 'big four' in recent years.
- 3.16 The 'big four' have historically had a combined market share of over 75% of the convenience goods market. As noted above, in recent years their dominant market position has and continues to be increasingly challenged by 'deep discount' retailers such as Lidl and Aldi and also the continued growth

in convenience retailers offering a more upscale product offer such as Waitrose. The value/discount retailers are, in particular, in the midst of a period of rapid expansion, having gained considerable market share during the recession, although year-on-year levels of growth have begun to slow. **Table 3.1** (below) shows data published by Kantar World Panel³, which compares the grocery market shares of individual supermarket operators in December 2013 and December 2015. The traditional big four supermarkets (Asda, Morrisons, Sainsbury's and Tesco) have lost a combined 3.3% market share during this period and the majority of this market share (3%) has been lost to the two main discount retailers i.e. Aldi and Lidl.

Table 3.1: Supermarket operators' market shares, 2013 and 2015

Operator	Grocery Market Share (12 week ending 08/12/2013) (%)	Grocery Market Share (12 week ending 06/12/2015) (%)	Change (%)
Tesco	29.9	28	-1.9
Asda	16.9	16.2	-0.7
Sainsbury's	16.8	16.7	-0.1
Morrisons	11.6	11	-0.6
The Co-Operative	6.2	6.2	-
Aldi	4	5.6	+1.6
Waitrose	4.7	5.1	+0.4
Lidl	3.1	4.4	+1.3
Iceland	2.1	2.0	-0.1
Other	4.7	4.8	+0.1

Source: Kantar Worldpanel

- 3.17 Supermarket operators are continuing to invest in new stores, although new large-format store openings are becoming a less frequent occurrence. A new Asda store at Gillingham Pier commenced trading in September 2015, the only investment in a large format store by a 'big four' retailer in the study area which we are aware of at the current time. The 'big four' retailers are more selective in committing to new sites, and are instead focussing on programmes of enhancements and upgrades to their existing store network where this is considered to be needed.

Out-of-Centre Retailing

- 3.18 Out-of-centre retailing continues to act as competition to traditional town centres. Retailers are opting to develop stores in the most strategic and cost effective locations, with a notable resurgence of out-of-centre destinations, which offer benefits of lower rents, larger retail units and in most cases, more accessible and free car parking for consumers. According to Verdict, out-of-town retailing is the only form of retailing which has seen store numbers increase consistently since 2000. The former Department

³ <http://www.kantarworldpanel.com/en/grocery-market-share/great-britain/snapshot/>

for Business, Innovation and Skills (BIS) published a report entitled 'Understanding high street performance' in Dec 2011, and it identified that the number of out-of-centre stores has increased by up to c.1,800 (25%) since 2000; whilst the number of town centre stores fell by almost 15,000 between 2000 and 2009, the majority of which are likely to have been in 'high street' locations.

- 3.19 The recovery of market confidence is benefitting out-of-town retailing. Vacancy rates have fallen, footfall has increased, and many retailers are seeking expansion in out-of-centre locations. A number of these are traditional town centre retailers which have developed out-of-town store formats, including John Lewis, which now operates a number of 'At Home' stores in out-of-centre locations, as well as other traditionally 'high street'-focussed retailers such as Debenhams, Next, Primark and H&M. There is an established network of out-of-centre retail floorspace in the study area at Horsted Retail Park, Gillingham Retail Park, and Strood Retail Park in Medway the latter of which is the subject of a planning application for significant redevelopment. There is also an edge-of-town centre retail park in Gravesend (Imperial Retail Park), which contains some representation from 'high street' retailers.
- 3.20 Another trend is the evolution of traditional retail 'box' warehouse developments into retail parks, subdividing units, expanding the product offer, and developing beyond just retail to introduce food and beverage, encouraging longer dwell times. The aforementioned Imperial Retail Park and plans for Strood Retail Park are evidence of this: the approved plans include the introduction of café and gym uses to complement an enhanced retail offer. Retail park owners are also refurbishing their retail parks; i.e. public realm, walkways, car parks, signage, landscaping and seating to enhance visitor experience.

Commercial Leisure

- 3.21 As the nature of retail and high-street shopping continues to change over time, the commercial leisure sector is becoming an increasingly important contributor to the vitality and viability of town centres. Leisure time is a precious commodity to consumers and in order to maximise free time, research suggests that town centre visitors often combine leisure activities as part of an overall going out experience. Reflecting this trend, leisure is becoming an increasingly important component in town centre regeneration schemes, particularly in secondary towns which, reflecting the wider trends in the retail sector previously identified, are in some cases becoming less attractive as retail destinations.
- 3.22 The recession brought mixed fortunes for the restaurant sector. The main casualties were from the more exclusive end of the market, as well as smaller companies with less established brands. Many companies owning multiple brands expanded throughout the economic downturn and continue to trade well, often by offering promotions and discounts. Family dining restaurants such as Nandos, Frankie & Benny's, Prezzo, Pizza Express and TGI Fridays are increasingly anchoring leisure-focussed (often cinema-led redevelopment schemes), and also increasing representation in other strong trading destinations such as major retail parks, and, in the case of Medway, at the strong-performing Hempstead Valley district centre.

- 3.23 The coffee shop sector remains buoyant; there are now approximately 16,500 coffee shops across the UK. Recent analysis shows that the UK's coffee shop sector remains one of the most successful in the nation's economy and will continue to expand. Operators such as Costa are now a High Street staple (the company has representation in Gravesend, Chatham, Gillingham, Hempstead Valley, Rochester and Rainham) whilst the independent coffee shop sector is also growing store numbers.
- 3.24 The pub industry suffered during the recession with a record number of pub closures across the UK as a direct consequence of a decline in both drinks sales and rental revenues. This decline continues today, at a rate of approximately 30 pub closures per week across the country. Many pubs have in recent years been converted to small-format convenience stores. Additional factors such as competition from supermarkets, changes to licensing legislation and the smoking ban have further compounded the problems faced by many pub operators. Similar to the foodstores, however, value led brands such as JD Wetherspoon have achieved sales growth in recent years and continue to expand.
- 3.25 The Health and Fitness sector continues to perform strongly as the social trend involving the maintenance of personal health and fitness shows no sign of abating. The health and fitness market is currently being expanded through investment by value and budget operators such as Easy Gym, Gymbox and Pure Gym. This new breed of venues aims to appeal to a wider market with flexible, low cost monthly or 'pay as you go' subscriptions. These facilities are usually located in high-footfall, in or edge of centre locations, often as part of a wider leisure offer.

Summary

- The 'traditional' high street continues to face a number of challenges stemming from the impacts of the global financial crisis and related economic downturn, which has tightened retail spending in recent years.
- The growth in online shopping has resulted in many retailers now adopting multi-channel retail models. Online shopping presents an opportunity for the high street to capitalize on by maximising the opportunities arising from services like 'click & collect', and retailers moving towards a seamless transition between store-based and virtual shopping experiences. However online shopping continues to be a significant source of competition for traditional retailers and the vitality and viability of high streets and town centres.
- Out-of-centre retailing remains an ever-present source of competition, and market evidence suggests that many retail parks have performed well during the economic downturn, and are becoming increasingly attractive to 'high street' retailers. Portfolio aspiration is generally to increase footfall through a greater product offer and mix of uses to encourage footfall and longer dwell times.
- Town centre strategies which support the continued evolution of the high street are considered to be ever more vital. This may involve providing a high quality shopping 'experience', maximising the

benefits of tourist trade, and improving the mix of retail and non-retail outlets to increase length of stay and spend.

- It is important, therefore, for high streets and town centres to be well positioned to be able to adapt to on-going changes in the retail and leisure sector and to reaffirm their unique selling points which differentiate their retail offer from other centres, allowing them to differentiate themselves from – rather than directly compete with – higher order centres. Heritage, tourism assets and other ‘unique selling points’ should be capitalised on, and robust place marketing strategies put in place.

4. Sub-regional context

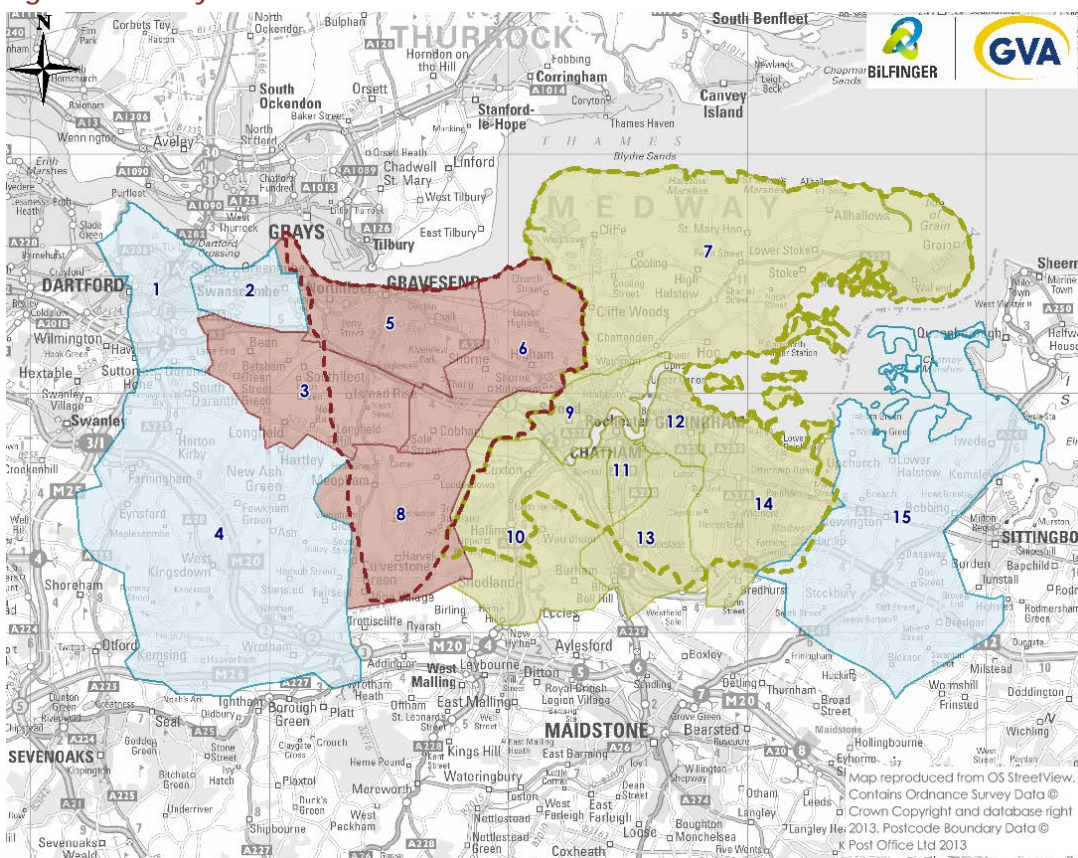
- 4.1 In this section we draw on the findings of the household telephone survey of shopping patterns that was undertaken in support of this study. The main purpose of the survey is to identify the shopping patterns of residents in Gravesham and Medway for their main comparison (non-food) and convenience (food) shopping. Rather than focusing solely on retail destinations within the two authority areas, we place the shopping patterns within the context of the wider surrounding area, identifying retail destinations outside of the area to which retail expenditure is leaked.
- 4.2 We also identify known planned future development in the centres surrounding Gravesham and Medway, which is an important exercise in shaping our recommendations for the location and type of retail floorspace which should be planned for in the Boroughs over the course of the Councils' respective Local Plan periods. This exercise complements the quantitative / economic analysis which we set out later in the report and allows for the evaluation of the role and function of centres within Gravesham and Medway.

Household telephone survey

- 4.3 In order to determine the 'need' for new floorspace, a household telephone survey is required to establish the current shopping patterns of residents. In order to determine this, we have established a 'survey area', which covers Gravesham and Medway in their entirety, as well as parts of adjacent authorities. The extent of the survey area was defined from a combination of previous evidence base studies which have been undertaken on behalf of Gravesham and Medway Councils⁴ as well as the extent of the catchment areas of competing centres as defined in their relevant authorities' own retail studies. A plan of the survey area is shown in Figure 4.1 (a larger version is reproduced in Volume 2). A total of 1,500 household telephone surveys were undertaken by NEMS Market Research during February 2015.
- 4.4 As shown in Figure 4.1, the survey area was split into 15 zones, to enable differences in patterns of shopping across the survey area to be accurately captured. The zones which fall wholly or partly within Gravesham Borough are zones 3, 5, 6 and 8; the survey analysis undertaken included a zone 5 split into zone 5a and 5b focusing on the east and west Gravesend catchment. The zones which fall wholly or partly within Medway are zones 7 and 9-14 inclusive.

⁴ Gravesham LDF Retail and Commercial Leisure Study (and updates) (Peter Brett Associates, 2009, 2010 and 2011) / Medway Retail Needs Study (Nathaniel Lichfield & Partners, 2009)

Figure 4.1: Survey area



Shopping patterns in Gravesham and Medway

- 4.5 Shopping patterns derived from the household telephone survey allow us to calculate the amount of comparison goods expenditure which each centre draws from the residents in the study area. This indicator is a good reflection of both the strength of the retail offer in a centre, as well as its accessibility. The total amount of expenditure which is retained within a study area is known as its 'retention rate'; the remaining expenditure which flows to destinations outside the study area is known as 'leakage'. Table 4.1 shows the comparison goods expenditure retained within the study area, and the amount of expenditure 'leakage'

Table 4.1: Comparison goods expenditure retention in Gravesham & Medway 2015

	£m	% of total
Total available comparison goods spend to survey area of which:	1,569.1	100%
Comparison goods trade draw to centres in Gravesham	200.6	13%
Comparison goods trade draw to centres in Medway	601.3	38%
Sub-total for Gravesham and Medway	801.9	51%
Comparison goods expenditure leakage	738.8	47%

Source: Table 5, Appendix I. Excludes spending in local/small shops which accounts for the remaining 2% of comparison goods spending

- 4.6 Our assessment has identified that there is a total of £1,569.1m of comparison goods expenditure which is available to residents of the study area. In total £801.9m of the £1,569.1m available comparison goods expenditure is retained by centres and stores in the two authorities' areas, with £200.6m retained by centres and stores in Gravesham, and £601.3m being retained by centres and stores in Medway. This is equivalent to a 'retention rate' of 51% - in other words, residents from the survey area spend just over 50p in every £1 of available comparison goods expenditure in stores and centres in Gravesham and Medway. **Table 4.2** sets out the most popular destinations for comparison goods spending in the survey area, identifying the extent to which facilities outside the Borough compete for expenditure with the network of centres in Gravesham and Medway.

Table 4.2: Study area comparison goods trade draw by centres, retail parks and other locations 2015

Centre	Borough	Comparison goods trade draw (£m)	% of total available comparison goods expenditure
Bluewater	Dartford	404.3	26%
Chatham town centre	Medway	168.3	11%
Gravesend town centre	Gravesham	134.6	9%
Hempstead Valley district centre	Medway	103.0	7%
Gillingham district centre	Medway	90.6	6%
Maidstone	Maidstone	73.7	5%
Dartford	Dartford	70.9	5%
Strood retail parks & comparison goods floorspace in foodstores	Medway	56.1	4%
Imperial Retail Park, Gravesend	Gravesham	53.1	3%
Lakeside	Thurrock	51.5	3%
Gillingham Retail Park, Gillingham	Medway	44.0	3%
Horsted Retail Park, Chatham	Medway	43.2	3%
Rochester district centre	Medway	28.0	2%
Sittingbourne	Swale	26.3	2%
Crayford	LB Bexley	20.6	1%
Strood district centre	Medway	20.2	1%
Rainham district centre	Medway	19.8	1%

Source: Table 5, Appendix II. All comparison goods locations with turnover in excess of £20m shown. Turnover for centres outside Gravesham and Medway is the total comparison goods turnover of a centre, including town centres and retail warehousing.

- 4.7 Table 4.2 shows that of the £738.8m comparison goods expenditure which is spent outside the survey area (as identified in table 4.1), £404.3m of comparison goods expenditure is spent in Bluewater - equivalent to the combined comparison goods turnover of Chatham town centre, Gravesend town centre and Hempstead Valley district centre. Bluewater therefore poses the greatest competition to centres in Gravesham and, to a lesser extent those in Medway. Analysis of the household survey results shows that the trade draw to Bluewater accounts for over 40% of the comparison goods market share

from four survey zones (zones 2, 3, 4 and 8), and over 30% from a further five survey zones including zone 5, which covers Gravesend town centre. Bluewater's influence over comparison goods shopping patterns is evidently a substantial one. There is no doubt, therefore, that Bluewater directly competes with centres in Gravesham and Medway for comparison goods retail spend.

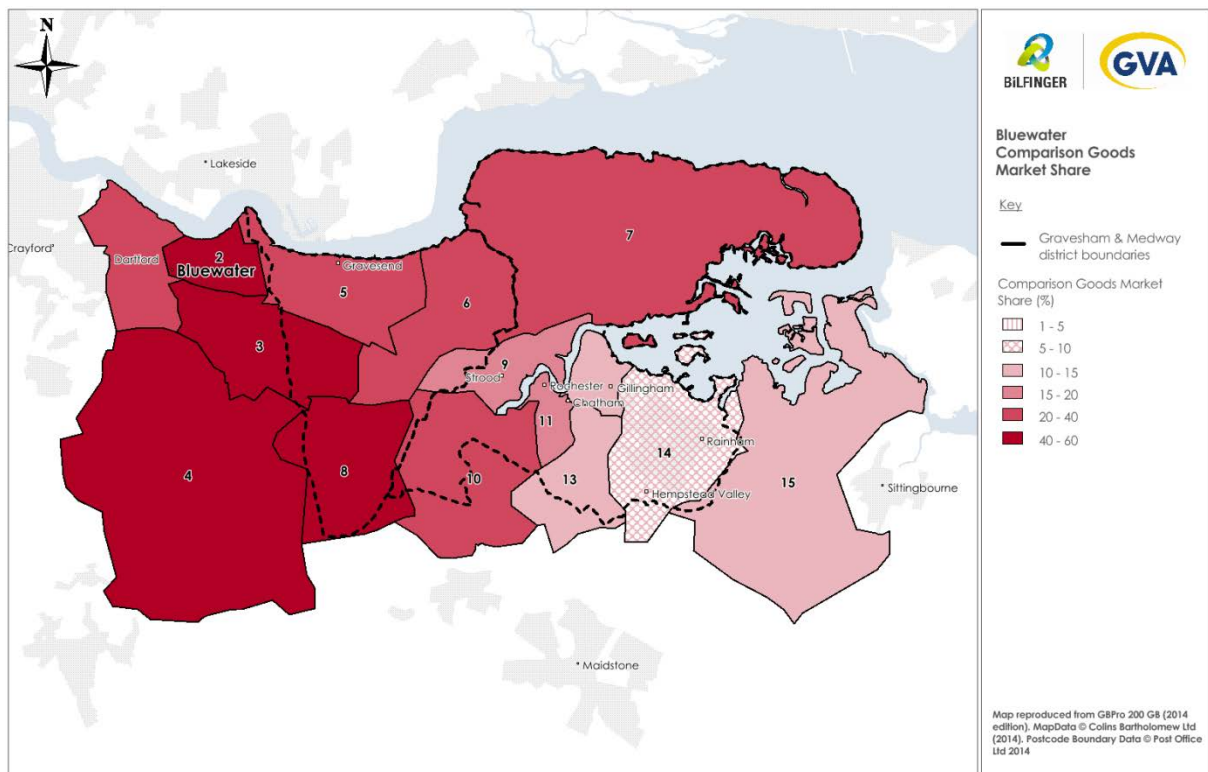
- 4.8 There is evidence that Bluewater's trade draw has increased in recent years. For example, zone 10a of the survey area used for the Dartford Retail Study (GVA, 2010, using 2007 household survey data) is the same as zone 2 of the survey area used for this study (as shown in Figure 4.1). Comparing the market shares attracted to Bluewater vis-à-vis those attracted to Gravesend town centre identifies that Bluewater has increased its comparison goods market share by 12.7% from residents in this zone, whereas Gravesend town centre's market share has declined by 10.9%. This suggests that the retail offers of the two centres have polarised to a greater degree in the last five years, with Bluewater's attractiveness as a comparison goods shopping destination increasing (**Table 4.3**).

Table 4.3: Comparison goods market share of Gravesend, Bluewater and Dartford from NKSHENA Zone 2, 2007 and 2015

Centre	Comparison goods market share, 2007 (Dartford Retail Study, zone 10a) (%)	Comparison goods market share, 2015 (North Kent SHENA, zone 2) (%)	Difference (%)
Gravesend (town centre)	26.7%	15.8%	-10.9%
Bluewater	34.5%	47.1%	+12.6%
Dartford	9.9%	11.2%	+1.3%

Source: Table 4, Appendix II (for 2015 figures) / Dartford Retail Study (for 2007 figures)

- 4.9 As we set out below, there are proposals for further expansion of the retail offer at Bluewater over the course of the Plan period, and this could potentially draw further trade from the established town centres if a strengthened retail and town centre offer does not come forward. It is, however, apparent that the influence of Bluewater over shopping patterns weakens towards the central and eastern parts of Medway, as shown in **Figure 4.2**.

Figure 4.2: Comparison goods market share of Bluewater by zone

Source: Household telephone survey

- 4.10 Table 4.2 shows that the town centres of Chatham and Gravesend have turnovers of £169m and £135m respectively, and the fact they achieve the highest turnovers confirmed they are correctly positioned at the top of the hierarchy of centres in Medway and Gravesham respectively. Table 4.2 also shows that two district centres in Medway – Hempstead Valley and Gillingham – are performing particularly strongly in respect of turnover. As we discuss in the following section, Hempstead Valley has a particularly strong retail offer for a district centre, which includes a large number of national multiple retailers, and therefore we would expect this centre to trade well. From our assessment of Gillingham district centre it is less apparent why the retail survey indicates that this centre is trading so strongly. The most likely explanation is that some of the survey responses have referred to the nearby Gillingham Retail Park (also listed in Table 4.2) as being the Gillingham district centre, thereby confusing the two. Other district centres in Medway (Rochester, Strood, Rainham) achieve more limited turnovers of between £20m and £28m each, reflecting the more limited comparison goods offer available in each of these centres identified through our analysis.
- 4.11 Table 4.2 shows that a number of retail park facilities also achieve noteworthy turnovers, with those on the edge of Strood district centre (Strood Retail Park) and Gravesend town centre (Imperial Retail Park) each drawing a turnover in excess of £50m from the study area.
- 4.12 Aside from Bluewater, other destinations outside the study area where residents from the study area undertake their comparison goods shopping include, Maidstone (£74m of spending from the survey

area), which draws most of its spending from the western parts of Medway which benefit from good levels of accessibility to Maidstone, Dartford (£71m of spending from the survey area), Lakeside (£52m) and Sittingbourne (£26m), which again is relatively easily accessible from parts of Medway. Some of these centres have a retail offer which is different from that available within the study area – for example Lakeside (including shopping centre and retail warehousing) includes large branches of Ikea, Next Home, Homesense and so on, which might result in residents making dedicated shopping trips to these locations. Lakeside's proposals to improve its retail and leisure offer (which were granted planning permission in 2012) may result in some additional trade draw from the survey, although we would expect any increased trade draw to be relatively limited.

Major competing retail developments & proposals

- 4.13 The information set out above reviews the current position of centres in and around Gravesham and Medway. The remainder of this section considers new and proposed retail and town centre developments in competing centres outside of Gravesham and Medway which may have potential to draw further trade from the survey area and impact on trading performance of the network of centres. As part of our analysis we also consider the anticipated developments which are expected to come forward at Bluewater, Lakeside and Ebbsfleet Valley including Eastern Quarry, the latter not being an established shopping destination at present but is a location where significant leisure-led regeneration is expected.

Bluewater (Dartford Borough)

- 4.14 Opening in 1999, Bluewater is comprised of around 330 stores and is the UK's fourth largest shopping centre, attracting 27m visitors per year. As we have demonstrated above, it exerts a major influence over shopping patterns over residents in Gravesham and Medway, particularly Gravesham Borough. It also acts a major commercial leisure destination, with a 13- screen Showcase Imax cinema, and upwards of 50 restaurants trading alongside the retail offer. Bluewater falls within Dartford Borough and the Council's adopted Core Strategy identifies Bluewater as a high quality regional shopping centre. It does, however, make it clear that any expansion at Bluewater should be 'distinct and sustainable' and not be at the expense of local centres such as Dartford and Gravesend.
- 4.15 In recent years, a number of planning applications have been submitted to enhance the offer at Bluewater. Most significantly, in August 2013, outline planning permission was granted for an extension to Bluewater's West Village (Dartford Borough Council planning ref 12/01464/OUT). The permitted extension comprises new net additional A1-A5 floorspace up to 30,500 sq m, reconfiguration of the existing parking areas and lake and new open space/public realm. Whilst this planning permission has now expired a new application has been submitted to Dartford Borough Council for a similar scheme (ref 16/01207/OUT). It would be reasonable to expect that some of the approved quantum of floorspace will be used to extend the existing comparison goods offer in the centre, even though at present it is unclear who the future occupiers of the proposed extension will be.

- 4.16 More recently, in January 2016 a planning application was submitted (DBC planning application reference 16/00037) for the change of use of an exhibition space at Bluewater to a cinema and family leisure uses including restaurant facilities. In recent months a planning application has also been approved for a significant extension to the H&M store in Bluewater to provide a larger regional flagship store (DBC planning application ref 15/01503/FUL). A number of other minor applications for changes of use, extensions to and redevelopments of existing units in the centre have also been progressed. There is no doubt that Bluewater will continue to provide the principle competition for retail and leisure spending both now and in the future. Existing town centres in Gravesham and Medway will need to strengthen their current levels of performance in order to remain resilient to this enhanced offer.
- 4.17 White Young Green (WYG) have previously undertaken work for Gravesham Borough Council to provide advice on the potential impacts to Gravesend town centre which might arise as a consequence of the development of additional retail floorspace at Bluewater, with and without the proposed development of the Heritage Quarter proposals. This concluded that a scenario whereby the Bluewater extension comes forward but the Heritage Quarter does not would likely result in a contraction of the turnover of Gravesend town centre over the period 2013-18, and only marginal growth over the period 2018-23. WYG concluded that 'any scenario under which Gravesend town centre experiences negligible growth over a period as long as 2013-2023 should be classified as being of significant concern', although it should be noted that no development at Bluewater has yet commenced.
- 4.18 Conversely however, under scenarios whereby the Bluewater extension and the Heritage Quarter both come forward, WYG identify that the positive contribution which the Heritage Quarter would make to the comparison goods turnover would 'more than outweigh the trade diversion to commitments outside the town'. WYG conclude that there is 'significant disparity' between the future for Gravesend town centre, depending on whether proposals for the Heritage Quarter come forward or not, and accordingly 'development of the Heritage Quarter is therefore key to the on- going vitality and viability of the town centre'. As we have set out elsewhere in this report, the Heritage Quarter is a Local Plan Core Strategy allocation and benefits from planning permission. Based on our own assessment of the current performance of Gravesend town centre (discussed in full in the following section) and the extent of comparison goods expenditure 'leakage' to Bluewater which this study has identified, we would agree with WYG's conclusion that the Heritage Quarter development is instrumental in improving the resilience of Gravesend town centre and mitigating the impacts of Bluewater.

Lakeside Shopping Centre (Thurrock)

- 4.19 Is the eighth largest shopping centre in the UK with around 245 stores and 25m visitors per year. An application for an extended retail offer comprising 40,700 sq m of additional A1-A5 floorspace was approved in March 2013. The extension proposed to increase the size of Lakeside by nearly a third and incorporated up to 40 new stores, whilst this permission has time expired a new planning application has been submitted to Thurrock Council (16/01120/OUT). Thurrock Council have long-term aspirations for Lakeside to function as a 'regional town centre', by introducing employment, housing, community facilities and open space into an area which is currently dominated by shopping and leisure. Lakeside

draws £52m of comparison goods spending from the survey area and therefore there may be scope for this development to influence the shopping patterns of residents in Gravesham and Medway. Whilst any new development at Lakeside would be expected to draw the majority of its trade from other regional-scale shopping facilities such as Bluewater and Westfield Stratford City in London, its differing offer to Bluewater means it may draw further trade from the Gravesham and Medway when the proposed development takes place, however the influence of Lakeside on the study area is currently constrained by the limited links over the River Thames. This may change in future should proposals for a new Lower Thames Crossing come to fruition.

Ebbsfleet Valley (Dartford/Gravesham)

- 4.20 Ebbsfleet Valley and Swanscombe Peninsula straddle the boundary between the Dartford and Gravesham Borough Council areas, with the majority of development planned to take place in the former. The situation here is complex, with extant planning permissions in outline form for a number of inter-related sites, all conditioned on the basis of maximum permitted levels of floorspace in different uses and with the phasing of delivery uncertain. These sites form the heart of the Ebbsfleet Garden City, where the Government has established a development corporation to facilitate delivery 'at pace'.
- 4.21 Table 4.4 below sets out the key parameters for the main development sites at Ebbsfleet Valley in Dartford and Gravesham. There is no planning permission currently in place for Swanscombe Peninsula, although it is likely that this will be progressed through the National Significant Infrastructure Project route in due course. Our current understanding of the situation at Swanscombe Peninsula is set out in paragraphs 4.22- 4.25 below.

Table 4.4: Maximum permitted development at key sites within Ebbsfleet Valley*

	C3 use class No dwgs.	B1 use class Sq m gross (business)	A use Class Sq m gross (retail)	D2 use class Sq m gross (leisure)
Eastern Quarry (Dartford)	6,250	120,000	26,000	24,000
Ebbsfleet Green (Dartford)	950		339	-
Ebbsfleet Green offices (Dartford)	-	1,093	-	-
Ebbsfleet - Station Quarter North (Dartford)	930	200,000	12,500	24,750
Ebbsfleet - Station Quarter South (Dartford)	1,390	130,000	4,250	3,000
Sub -Total	9,520	451,093	43,089	51,750
Ebbsfleet - Springhead Quarter (Gravesham)	900	5,000	1,000	500
Ebbsfleet - Northfleet Rise Quarter (Gravesham)	164	120,000	2,950	2,000
Sub-Total	1,064	125,000	3,950	2,500
Total	10,584	576,093	47,039	54,250

* Relevant planning permissions are: Eastern Quarry – DA/12/01251/EQVAR; Ebbsfleet Green – DA/05/00308/OUT; Ebbsfleet Green Office – EDC/16/00071; Ebbsfleet (Dartford) – DA/96/00047/OUT; Ebbsfleet (Gravesham) – GR/12/0186)

- 4.22 For the purposes of 'commitments' factored into this study, we have only had regard to those relatively minor commitments which fall within the Quarters in Gravesham Borough. Whilst the Dartford Retail and Commercial Leisure Study (GVA, 2010) made assumptions about delivery of retail floorspace, these have clearly been superseded by the passage of time and changes to the delivery of development within the Ebbsfleet Development Corporation area. Any larger scale proposals for retail and commercial leisure in Gravesham (in particular) are likely to be in edge-of-centre or out-of-centre locations where the sequential and impact tests would still apply at the application stage (NPPF paragraphs 24 and 26 and Gravesham Core Strategy policy CS08).
- 4.23 In addition to the major housing and economic growth planned at Ebbsfleet Valley, a proposed theme park, London Paramount Entertainment Resort, is expected to come forward nearby on the Swanscombe Peninsula. We understand the development is likely to include a water park, theatres, live music venues, cinemas, restaurants, event space and hotels. Other facilities expected to be developed include a training academy and a country park.
- 4.24 The commercial leisure floorspace at Ebbsfleet Garden City and particularly Paramount Entertainment Resort could potentially have more influence over the leisure visit patterns of residents in Gravesham and Medway. Without knowing the exact quantum of floorspace which is likely to come forward it is difficult to draw clear conclusions on the extent of impact which will arise in terms of retail and leisure, although our health check assessments identify that many centres in Gravesham and Medway have a relatively limited commercial leisure offer at present, and therefore the score for the centres to be directly impacted may be limited.
- 4.25 Paramount Entertainment Resort will evidently be a 'destination' in much the same vein as Bluewater currently is, and we would expect that it will compete more directly with Bluewater and other established leisure destinations to a greater extent than centres in Gravesham and Medway. We would not expect the opening of the Paramount Entertainment Resort to particularly dilute any demand for additional commercial leisure provision in the centres in Gravesham and Medway as the catchments and users of the destinations are likely to be different. However, until more detail is forthcoming it is difficult to come to any reliable conclusions. In keeping with national guidance, both Ebbsfleet Garden City and Paramount Entertainment Resort will need to clearly demonstrate their impacts on other centres as proposals progress, where appropriate.

Sittingbourne (Swale)

- 4.26 In March 2015, Swale Borough Council resolved to grant planning approval for phase one of 'The Spirit' Sittingbourne regeneration scheme. Phase one comprises a seven screen cinema, seven restaurants, four large format retail units, 215 residential apartments, a new public square and a 308 space multi-storey car park. There may be some scope for this development to influence shopping patterns of residents in parts of Medway, although the Chatham Dockside development already offers a similar cinema/restaurant-led development.

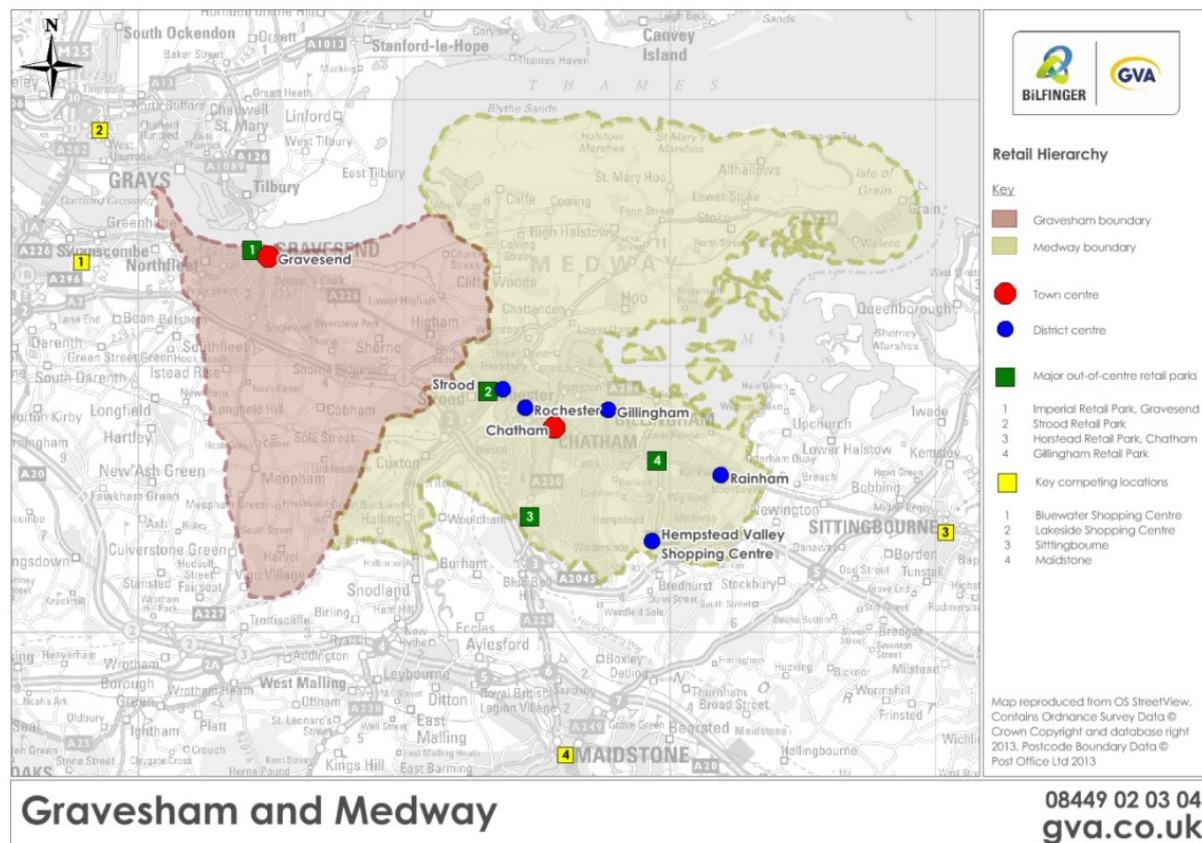
Maidstone (Maidstone Borough)

- 4.27 Maidstone - Maidstone town centre lies a short distance to the south of the survey area, and is easily accessed from much of the study area via the A229 / M20. The town centre has a strong retail mix, with a mixture of value, mid-market and higher-end retailers, and contains a number of operators absent from any of the centres in the survey area such as House of Fraser, H&M, HMV, Office, Paperchase, Topman/Topshop, Zara and so on, as well as a good restaurant / café mix and an Odeon cinema.
- 4.28 Proposals emerged in 2013 for the redevelopment of Newham Court Shopping Village on the north-eastern edge of Maidstone adjacent to the M20 junction; the 1980s built development is currently occupied by a garden centre and number of discount / outlet stores, and facilities such as a hairdressers, restaurant and so on. The site has been acquired by Land Securities with a view to bringing forward the 'total regeneration and modernisation' of the area to include a 7,000 sq m Debenhams store and 3,900 sq m Waitrose store, alongside a terrace of further retail units and a relocated, enlarged Notcutts Garden Centre. The planning application was refused planning permission in summer 2014 on a number of grounds, including failure of the sequential and impact test, and no appeal against the refusal has been submitted. However, it remains possible that further development proposals could come forward for this site at a later date.
- 4.29 Elsewhere in Maidstone, Next opened a 40,000 sq ft Home & Fashion store at Eclipse Park (also adjacent to the M20 junction, opposite the Newnham Court site) in late 2014, this resulted in the closure of one of the two Next stores in Maidstone town centre at the same time.

5. Retail Hierarchy

5.1 In this section, we define the role and function of current shopping provision in the higher-order town and district centres across Gravesham and Medway. We set out our assessment for centres in Gravesham at paragraphs 5.3 to 5.13, and our assessment for the centres in Medway at paragraphs 5.14 to 5.43. Gravesham only has one main centre, Gravesend town centre. Medway has a number of town and district centres, namely the town centre at Chatham and five district centres – Gillingham, Hempstead Valley, Rainham, Rochester and Strood. These centres form the basis of our assessment set out in the remainder of this section. A plan showing the location of these town and district centres, as well as the major out-of-centre provision in Gravesham and Medway, is shown at Figure 5.1.

Figure 5.1: Town and district centres, and out-of-centre retail provision, in Gravesham & Medway



5.2 Guidance on how to assess the performance of centres has remained broadly unchanged since the Councils' previous retail evidence base studies were completed, but there is up-to-date guidance on the indicators which should be used for vitality and viability assessments set out in the National Planning Practice Guidance (NPPG). We have had regard to these indicators in our assessments set out below. The 'health check' indicators identified in the Planning Practice Guidance are a mixture of quantitative and qualitative in nature. We have drawn upon a range of primary and secondary data sources

available to GVA. These include Experian Goad (for floorspace and land uses in each centre⁵); EGi Shopping Centre Research; Promis; Institute of Grocery Distribution (IGD) Reports (for supermarket floorspace); the Valuation Office, and each Councils own information e.g. information on extant planning permissions. Our assessments have also been informed by site visits undertaken to each of the centres discussed.

Centres in Gravesham

- 5.3 The retail hierarchy in Gravesham is headed by Gravesend town centre. Table 5.1 summarises the total retail floorspace, number of units, and Venuescore Retail Ranking of Gravesend; the latter indicator benchmarks the position of Gravesend against all other UK retail centres running from discount to luxury (i.e. lower, middle to upscale). The Venuescore ranking system which ranks the UK's top 2,500 plus retail destination including town centres, malls, retail warehouses parks and factory outlet centres, shows that Gravesend is ranked in 211th position; examples of similarly ranked-centres in the South-East include Chatham (192nd), Ashford (196th) and Folkestone (229th). The 'market position' provides an indication of the quality of the retail offer in Gravesend, which Venuescore identify as being towards the 'lower middle' end of the market. By way of comparison, the position of higher-order centres/locations surrounding the Borough are 26th for Bluewater 'upper middle' market position; 51st for Maidstone 'middle' market position, and 52nd for Lakeside 'middle' market position,

Table 5.1: Profile of Gravesend town centre

Centre	Position in Borough Retail Hierarchy	Total number of units ⁽¹⁾	Total floorspace (sq m net, estimated) ⁽¹⁾	Venuescore Retail Ranking 2014-15 ⁽²⁾	Venuescore Market Position 2014-15 ⁽²⁾
Gravesend	Town centre	470	58,900	211	Lower Middle

⁽¹⁾ Based on Experian Goad centre boundaries, which may differ from Council policy boundary

⁽²⁾ Source: Venuescore Index, 2014-15

Gravesend town centre

- 5.4 Gravesham's Core Strategy (2014) defines Gravesend as a 'Town Centre' within its hierarchy of centres. Local policy states that Gravesend Town Centre is the preferred location for new retail, leisure and entertainment facilities, this corresponds with its ranking as the highest-order centre in the Borough.
- 5.5 We consider that Gravesend town centre benefits from a reasonable level of vitality and viability. It is evident that the town centre is able to meet most residents' day-to-day shopping needs. The centre includes a reasonably-sized Tesco Metro supermarket as well as a further large Asda store on the edge of the town centre at Imperial Retail Park, and the range of certain types of services is reasonable. The general market, which is currently being renovated, and a monthly farmers market both help to enhance the diversity of uses. There are a number of ethnic food retailers on the eastern edge of the town centre, on Queen Street and Milton Road.

⁵ It should be noted that the boundaries of town centres as surveyed by Experian Goad does not necessarily reflect policy boundaries and therefore there may be differences with any monitoring of the centres undertaken by Councils.

- 5.6 In addition to Tesco, other multiple retailers present include Primark, New Look, Boots, Superdrug, Debenhams, Argos, Wilko and Carphone Warehouse. The two department stores, Primark and Debenhams located on New Road are important contributors to the vitality and viability of the centre, although both trade from relatively small units. A third department store, BHS, recently closed as a result of the company ceasing trading nationally. It is notable that Gravesend lacks a diverse range of modern larger floorplate units which are needed to attract multiple retailers and larger operators.
- 5.7 The former Marks & Spencer store, occupying a prominent, centrally-located site in New Road, also ceased trading in September 2014, with the company's closest store now sited in Bluewater. It is understood that the store has been leased by Marks & Spencer to B&M, a discount retailer who opened their new store in October 2016. Whilst this store will undoubtedly assist in generating footfall, it does largely duplicate the low value offer of a number of retailers already trading in Gravesend town centre such as Poundland, Pound Stretcher and Bargain Buys Stores.
- 5.8 Whilst the range of stores and diversity of uses in the town centre can be considered reasonable, it is clear that the middle to higher-range shopping function of the town centre has been in a period of decline. This change is expected and is linked to national trends in the retail sector, traditional town centres such as Gravesend face competition from out of town shopping including the desire for large retail chains to focus on profitable retail spaces in such locations at the expense of town centre locations. These changes together with shifts in consumer habits, mean that the retail offer of Gravesend town centre will continue to focus towards a mid to lower-order end of the market without intervention. It is evident that Gravesend town centre's health and its future role is linked intrinsically linked to the performance of Bluewater and future regeneration options of the town centre itself.
- 5.9 Any proposed expansion at Bluewater (discussed in the previous section) is likely to further increase its attractiveness as both a shopping and leisure destination. The accessibility to Bluewater and other higher-order centres when combined with their wider retail and leisure offer suggests that retailers may not seek to retain or have representation in both Bluewater and Gravesend town centre, particularly if an attractive environment and retail property stock is not available at the latter. The retail property stock in Gravesend town centre is somewhat dated at present with little or no modern mid to large units being available.
- 5.10 The retail services sector (e.g. health and beauty) has a good representation within the town centre, the commercial leisure offer (e.g. bars and cafes) in the centre is currently for the most part underwhelming although the offer has been improved by the opening of Treatz (Railway Place) and Creams (Milton Place). However further strengthening is required in order to add vibrancy to the centre and increase dwell time. Some of the current shortfalls identified for the centre, can in part, be met through the Gravesend Heritage Quarter development (discussed further below). The setting of this development at the heart of the town centre provides an important opportunity for much needed reconfiguration and modernisation.

- 5.11 The vacancy rate (based on Experian Goad centre boundaries) is a cause for concern, with approximately 1 in 6 units in the centre vacant at the time of our visits to the centre in January 2015, including large parts of the pedestrianised St George's Shopping Centre. We understand from the Council that since our visits were undertaken, the vacancy rate has improved with many independent retailers taking up previously empty stores. Vacancy rates in secondary areas of the town centre, particularly the eastern end of the centre, are also problematic. These areas have very low levels of pedestrian activity, and a limited retail / town centre function.
- 5.12 The environmental quality of the centre is, for the most part, reasonably strong, and both New Road and High Street contain a number of architecturally impressive buildings. The market building is also an important asset, albeit one which is currently being refurbished. The market secured £1.8m from the Coastal Communities Fund in January 2015 to make improvements including enhancement of the market building, the introduction of new lighting and new fixed stall structures. The overall environmental quality of the centre is undermined by poor quality urban form in the vicinity of the railway station, and the two shopping centres – with St George's Shopping Centre in particular requiring significant modernisation.
- 5.13 The planning application for the redevelopment of the Heritage Quarter will, if implemented, address many of the current deficiencies of this part of the town centre. It will also play an important role in 'shoring up' the attractiveness of Gravesend as a shopping destination in light of the continued competition from Bluewater which this study has identified. The redevelopment scheme, promoted by Edinburgh House, proposes comprehensive redevelopment of the area, in three distinct quarters:
- **Eastern Quarter** – new leisure and retail uses, including creation of a piazza around a new Market Square, a 50-bedroom hotel, and residential development;
 - **Western Quarter** – retail and residential space, with St. George's Church as a focal point. A key element in this quarter is the expansion of St. George's Shopping Centre, to provide new, larger retail units, facilitated by moving the existing car parking to a new underground facility. The quarter will also include apartments and community facilities;
 - **St. Andrew's Gardens** – redevelopment of the riverside gardens to provide new public open space, creation of a riverside walkway and traffic calming measures, to assist in connecting the town centre back to the river.
- 5.14 The redevelopment of the Heritage Quarter will enable a number of the town centre's assets – most particularly the riverfront – to be capitalised on, and we would expect the vitality and viability of the centre as a whole to benefit from the scheme. The waterfront and town pier are important assets which the town centre is currently failing to capitalise on. The Gravesend Heritage Quarter redevelopment will considerably enhance the scope for improvement in this respect, but the quality of the retail offer along High Street will also need to be improved.

- 5.15 The investment proposed by the Gravesend Heritage Quarter development offers the chance for the centre to be revitalised, through broadening the diversity of uses and introducing a new residential community into the town centre. It is important to the long-term vitality and viability of the town centre that this development progresses. Currently therefore, Gravesend town centre is doing a reasonable job of meeting local shopping needs – but as the highest order centre in the Borough, and a ‘destination’ centre, it is clearly underperforming.
- 5.16 The household telephone survey asked respondents who visited Gravesend about their shopping habits. When asked what they disliked about the centre, 18% of respondents considered that Gravesend does not have enough choice of shops, and 9% stated they considered the town centre to be unsafe/dangerous. When asked how they considered the town centre could be improved, the clear message was that shopping provision needed to be improved: 23% wanted a greater choice of shops, whilst 19% specifically wanted more large shops or a department store. A further 14% stated that they wanted the quality of shops to improve. These survey results therefore correlate with our own findings in respect of the positioning of the centre and its current performance, they also reinforce the need for developments such as Heritage Quarter to enable the reconfiguration and modernisation of the town centre whilst valuing and making the most of the existing town centre’s heritage assets.

Out-of-centre retail provision in Gravesham

- 5.17 Located just outside the boundary of Gravesend town centre is a large Asda supermarket. Situated on Thames Way, this Asda store has a net sales area of 5,760 sq m. The store is open 24 hours a day and includes a post office, café, pharmacy, opticians, deli, bakery and fishmongers, with approximately 75% of floorspace devoted to the sale of food and 25% to the sale of non-food products. Somewhat unusually, and owing to the location of the store at the foot of an escarpment, access on foot from the town centre is via a pedestrian escalator from Overcliffe with an alternative route from the town centre being via West Street. Vehicular access is via Thames Way/ West Street, whilst closely located to the town centre, the lack of easy access between the store and the rest of the centre as a result of the topographical differences means it largely functions as a standalone store.
- 5.18 Adjacent to the Asda store and also outside the town centre boundary is the Imperial Business and Retail Park. This retail park features larger DIY, carpet, food and electrical stores such as Halfords, Pets at Home, B&Q and Dreams Beds, as well as a Pizza Hut restaurant and a bowling alley. Most of the retail offer at this location is comparison goods and ‘bulky goods’ in nature (i.e. large items such as furniture that cannot readily be sold from town centres), but some units are occupied by retailers typically located in town centres, e.g. 99p Stores, and one unit is occupied by a Lidl supermarket. Again due to topographical differences and access issues, there is limited scope for this development to be integrated with the town centre offer.
- 5.19 Elsewhere in Gravesend/Northfleet, located approximately 4km to the south west of Gravesend town centre is a Sainsbury’s superstore at Pepper Hill. This large store includes c.650 car park spaces, a petrol

station, deli, bakery, fishmonger, butcher, hot food counter and an extensive clothing and non-food range. The store has been reconfigured and extended in recent years. There is also a large Morrisons store (net sales area c. 2,800 sq m) located on Coldharbour Road, 3km to the immediate south of Gravesend town centre. Both stores can be expected to serve the extensive, largely residential areas of Gravesend and Northfleet. There is also an out-of-centre Aldi store located at London Road, Northfleet.

Centres in Medway

5.20 **Table 5.2** provides a summary of Chatham town centre and the five district centres in Medway, setting out their total floorspace, number of units, and position in the most recent Venuescore Retail Rankings. Chatham is the highest-ranked centre in Medway, at 192nd position; by way of comparison, other similarly-ranked centres in the South East include Camberley (174th), Hastings (188th) and Ashford (196th). The remaining centres are ranked lower in the Venuescore Index on account of their more limited role and function as district centres, although both Hempstead Valley and Rochester feature in the UK top 500. In common with Gravesend, Chatham is identified as having a retail offer which is towards the 'lower middle' end of the market.

Table 5.2: Profile of Medway town and district centres

Centre	Position in Borough Retail Hierarchy	Total number of units ⁽¹⁾	Total floorspace (sq m net, estimated) ⁽¹⁾	Venuescore Retail Ranking 2014-15 ⁽²⁾	Venuescore Market Position 2014-15 ⁽²⁾
Chatham	Town centre (Main/city centre – Council Policy)	408	76,300	192	Lower Middle
Hempstead Valley	District	59	27,200	403	Middle
Rochester	District	190	29,200	437	Middle
Gillingham	District	235	43,900	586	Lower
Rainham	District	139	21,100	1,167	Lower Middle
Strood ⁽³⁾	District	155	46,400	n/a	n/a

⁽¹⁾ Based on Experian Goad centre boundaries, which may differ from Council policy boundary

⁽²⁾ Source: Venuescore Index, 2014-15

⁽³⁾ no Venuescore data available for Strood

Chatham town centre

5.21 Chatham is the largest of the Medway towns and is defined as a town centre in the Medway Local Plan (2003). The town centre has a mixture of established national retailers and smaller specialist retailers, particularly towards the western end of the centre along the High Street which links Chatham and Rochester town centres. The focus of retail activity is the pedestrianised High Street and the Pentagon Shopping Centre. The eastern end of the town centre is bookended by the junction of The Brook and the A2 New Road which links Chatham with the other Medway towns. A large Tesco foodstore until

recently occupied a prominent position at this junction; however this store ceased trading in April 2015. This unit has now been let to GoOutdoors, an outdoor goods store.

- 5.22 Chatham also has a tourism role, a legacy of its maritime heritage, with the Historic Dockyard and Fort Amherst acting as visitor attractions. However, there is little evidence that the town centre itself benefits from this tourism role.
- 5.23 The diversity of uses is, on paper, reasonable, and the centre is currently able to provide for residents' day to day shopping needs to a reasonable extent. This ability has unquestionably been compromised by the closure of the Tesco store, which has left the town centre without a supermarket which is capable of meeting residents' larger food shopping needs. The only remaining supermarkets in the centre – Sainsbury's and Iceland – are of sufficient size to only perform a 'top up' shopping function, and the Sainsbury's in particular is a poor quality, dated store.
- 5.24 The comparison goods shopping offer is sub-standard for a centre at this level in the retail hierarchy, being generally mid to low market, with discount / charity stops interspersed with national retailers along much of the primary shopping area. There is a below average proportion of retail services in the centre, such as cafes, restaurants, hair and beauty facilities, and so on. As town centres aim to become mixed use visitor destinations – underpinned by a strong comparison function – such retail services will become increasingly important to the long-term vitality and viability of centres. Smaller, independent convenience retailers (including specialist community/ethnic retailers), which are also beginning to have an established trading presence towards the eastern end of the High Street, may add to this diversity of offer in time as they become acknowledged as a key part of the town centre mix.
- 5.25 The retail offer in the town is anchored by a TK Maxx store to the western edge of the town centre and, until earlier in 2015, a Tesco foodstore to the east. Following the closure of the Tesco store, the Debenhams store on the High Street now forms the eastern-most 'anchor' store, although this in itself feels slightly detached from much of the prime retail offer in the town. The focus of the retail activity is around the Primark store and ground floor of the Pentagon Shopping Centre. The shopping centre itself however suffers from a dated internal appearance, and many of the units are too small and consequently are struggling to be let to the type of comparison goods operators which Chatham needs to attract in order to improve its retail offer. The Council should continue to work with the relevant owners of the shopping centre to secure investment and modernisation of the Pentagon Centre at the earliest opportunity. The introduction of an enhanced ancillary commercial leisure offer within the centre would assist in its overall performance.
- 5.26 The town centre has a vacancy rate which is above the national average, and the highest of all of the Medway towns. There are also signs that the vacancy rate has increased in recent months, and has increased further subsequent to our assessment of the centre on account of the closure of the WH Smith store in the town centre. It is of particular concern that a number of the vacant units are located in the prime retail pitch – within and adjacent to the Pentagon Centre. Supply is not meeting demand, and recent lettings of vacant units have been to generally poor-quality or temporary retailers. It is important

that Chatham retains a strong retail function in its primary shopping area, but the current quality of much of the retail offer falls below consumer/visitor expectations.

- 5.27 It is positive to note that the former Royal Mail premises on Railway Street, an architecturally significant building in the town centre, has recently been let to Wetherspoon's, which can be expected to act as a positive footfall generator throughout daytime and evening trading hours.
- 5.28 The Trafalgar Centre – the site of the former market - on the High Street, is also currently vacant, and represents a clear opportunity for future redevelopment. We understand that the site is owned by NCP (who also operate the multi-storey car park to the rear), and it is considered that this site, along with the Pentagon and Tesco sites, represents the principle opportunities for the retail offer of the town centre to be strengthened.
- 5.29 The environmental quality of the rest of the centre requires substantial investment and enhancement. The pedestrianised High Street is reasonably well-maintained but investment is needed to bring a number of the buildings, and in particular shop fronts, up to an acceptable quality. As mentioned above, the dated feel of the Pentagon Centre is likely to further hinder operator interest in this part of the centre.
- 5.30 The centre benefits from a good level of accessibility, from both public and private transport. The provision of a new bus interchange and removal of through-traffic represents a positive investment, and has improved the physical fabric of this part of the town centre, but the wider spin-off regeneration benefits for the town centre have, to date, been relatively limited. Further investment through the Local Growth Fund will see changes to the public realm and improvements to accessibility and connectivity with Chatham City Centre from the train station. Coupled with planning consent on Chatham Waterfront and the review of Council owned sites for regeneration, change in Chatham could be a positive catalyst to support the centre as a destination.
- 5.31 There is little in the way of out-of- centre floorspace which can be expected to directly compete with the town centre for expenditure in its current form. Proposals in out of centre locations (including edge of centre) can restrict retail/leisure operator demand for future representation within the town centre - for example the well-developed commercial leisure offer at Chatham Dockside, an Odeon cinema, and several restaurants including national operators such as Nando's and Chimichanga. It is unlikely that operators will look for representation in Chatham as well. Future redevelopment opportunities (Trafalgar Centre and other Council owned sites) could attract the desired retailer/operators, and further out-of-centre competition should be resisted given the identified weaknesses in Chatham as the highest order centre.
- 5.32 The household telephone survey questioned what users of the centre liked and disliked about the town centre. When questioned what they disliked about the centre, the majority of respondents stated that the centre does not have enough choice of shops, whilst the second highest response stated that the centre is unsafe/dangerous. When asked how the centre could best be improved the majority

considered a better choice of shops would be beneficial, alongside and identified need for more large shops or department stores, and an improved appearance/ environment.

- 5.33 Based on the venue score retail ranking, proportion of retail floorspace and number of units Chatham remains at the top of the hierarchy. However, its underperformance is reflected by the lower order representation on the high street captured by the venue score market position as 'Lower Middle', which is not reflective of its role in the retail centres hierarchy.
- 5.34 With the impact of the changing economic climate, change in retail operator business models, online shopping trends, threat of out of centre proposals and inability to respond to market needs in its current form (dominated by smaller units averaging 187sqm compared to the healthier Hempstead Valley average unit size of 461sqm), Chatham faces a significant challenge. It therefore remains vulnerable to growing sub-regional competition and footfall being drawn away to proposals in edge and out of centre locations.
- 5.35 The Council have secured funding for further public realm improvements, and the continued policy and strategic support for identified development opportunity sites is position for future change, and should be acknowledged as the priority moving forwards over the plan period. Stimulating operator demand is key and the Council should seek to resist edge/out-of-centre proposals that seek to restrict this aspiration. Chatham is not a healthy centre, clearly portrayed by its underperformance and low value retailer representation, but has the potential to respond positively to the Council's plans and aspirations to retain it as the highest order town centre.

Rochester district centre

- 5.36 Rochester is a picturesque, historic town. To a greater extent than the other centres in Medway, it has dual functions as both a centre serving local residents, and also a tourism centre, with Rochester Cathedral and the imposing adjacent Castle both important attractions in this respect. Indeed the presence of the castle, cathedral and a number of other historic buildings such as Eastgate House, lend the centre a charming, historic feel. It is evident that the character of the town has been protected and enhanced to remain in keeping with the town's historic character. The centre is designated as a Conservation Area in its entirety and features many traditional Georgian and Victorian buildings which have been preserved.
- 5.37 The centre currently benefits from positive levels of vitality and viability. The retail mix of the centre is generally strong, and the focus of the retail offer towards boutique / specialism comparison goods retailing (e.g. upmarket clothing, antiques, books) lends the centre something of a unique feel. The convenience offer in the centre is limited, with existing provision of a scale to meet localised 'top up' shopping needs only. Residents in the Rochester area are therefore only likely to use the convenience shopping facilities in the town centre to supplement food shopping trips elsewhere. It is considered that there is scope for provision to be enhanced in this respect, and a small-format foodstore may be beneficial to the overall town centre offer. A farmers market is held every month on the Corporation

Street car park; positively we understand that this has recently relocated to a more centrally-located site – the Blue Boar Lane car park.

- 5.38 The castle, cathedral and other heritage assets in the centre are evidently important factors in the centre's overall vitality and viability. They help to frame the overall attractiveness and historical feel of the centre, and are well integrated with the rest of the retail and leisure offer through strong public realm connections. They also are clearly important to attracting visitors to the centre, and mean the centre has an important tourist function, and Rochester is largely unique amongst the Medway towns in this respect. There is a strong supporting range of cafes, restaurants and pubs which help to ensure that the centre benefits from an active leisure scene both during the day and evening. We have observed a number of recent and planned openings within this sector in the town centre, which will further add to the range and breadth of the offer in this respect.
- 5.39 The environmental quality of the centre is, for the most part, particularly strong, with the pedestrianized nature of the High Street, the setting of the town centre in a Conservation Area, and the generally good public realm all contributing positively in this respect. Some improvements could be made to the environmental quality of the centre in the vicinity of the A2 / Eastgate junction. The centre is also highly accessible, following the relocation of Rochester station, with the station's new location more centrally-located in relation its historic core.
- 5.40 In the household telephone survey, respondents' views in respect of Rochester were generally positive 35% of users of the centre stated that they liked its attractive environment; a further 30% stated they liked the historic environment of the centre. 13% of respondents stated that the centre could be improved by the provision of additional car parking facilities.
- 5.41 Rochester is one of the healthier centres in the authority with a venue score retail ranking of 439 and a venue score market position of 'Middle'. By its historic character, the units are characteristically small in comparison to the more modern purpose built Hempstead Valley Shopping Centre (the other healthy centre with an average unit size of 461sqm). Rochester has a historic identity and a high street offer that has evolved over time by way of leisure to increase dwell time. This centre remains attractive to residents and visitors from a tourism perspective.

Hempstead Valley district centre

- 5.42 Hempstead Valley is situated approximately 6km to the south west of Rainham, and 6.5km to the south east of Chatham, and is somewhat detached from the other Medway centres which all lie to the north of the District. It is located 1.5km north of the M2 motorway. It lies to the south of two large suburban residential areas of Hempstead and Wigmore. Hempstead Valley district centre is unique amongst the Medway centres in that it comprises, in its entirety, a purpose-built indoor shopping centre. Although a district centre in retailing terms, the relative shortage of non-retail facilities means that Hempstead Valley functions in a different way to the 'traditional' district centres of Strood, Gillingham and Rainham. The centre is currently undergoing a partial redevelopment, involving the demolition of a former

McDonald's restaurant and car showroom on land adjacent to the main shopping centre building, and creation of a terrace of six units. In addition, on-going internal redevelopment works, will result in the redevelopment of the southern part of the centre in an area currently occupied by a food court to form a large-format store for occupation by a comparison goods retailer.

- 5.43 The centre has two strong anchor stores in the form of large branches of Sainsbury's and Marks & Spencer, and both stores generally remain fit for purpose as a result of modernisation of the units which the operators have undertaken. The M&S store is the only full-line branch of the company in the District (there is also an 'Outlet' store at Chatham Dockside), likely in part to be a reflection of the poorer quality of the retail property stock in the historic centres. The rest of the offer is principally given over to national retailers, with a strong tenant mix for the size of the centre, and a good diversity of uses which enable the shopping needs of the surrounding residential population to be met. Other multiple retailers present include BHS, Argos, Boots, WH Smith, New Look, Clarks and Vodafone. The presence of a large Sainsbury's and the M&S are likely to extend the catchment area of the centre when compared to the catchment areas of other district centres.
- 5.44 The range of retail services (for example, banks, building societies, hair & beauty and so on) is particularly limited. There is an existing food court in the centre, and three coffee shops, although the dining offer will be significantly enhanced by the redevelopment works currently underway. These works will introduce a number of new operators to the centre, such as Frankie & Benny's, Nando's and Bella Italia: these type of restaurant operators are currently under-represented in Medway, and their letting is evidence of the attractiveness of modern-format retail space, which is largely absent from the District's 'traditional' centres. One of the units currently under construction is also to be occupied by Kent Reliance building society, which will be relocating to a more prominent location.
- 5.45 Overall, it is clear that Hempstead Valley is 'punching above its weight' for what might typically be expected for a 'district' centre. The centre is 35 years old and in parts is beginning to show its age. However the programme of improvement works which have recently commenced should succeed in bringing new vitality to the centre, including diversification of its offer to include more uses which will encourage 'dwell time' within the centre. It scores positively against the majority of our health check criteria, and the improvements to the centre which are currently underway will help address some of the qualitative shortfalls in the offer of the centre. It is possible that the attractiveness of this centre as a retail destination does, however, come at the expense of other centres in Medway; for example, we understand that Marks & Spencer closed their store in Chatham town centre in 2006, having made a strategic decision to focus on their store at Hempstead Valley, which was subsequently modernised and improved.
- 5.46 The household survey identified a generally high level of satisfaction with Hempstead Valley from users of the centre. Particularly noticeable was that 25% of respondents liked the ease of parking in the centre, and 25% liked the fact that parking was free. 16% of respondents cited the range of national retailers/well known stores as being the reason they liked the centre. In terms of areas of improvement,

almost half of respondents stated that no improvement was required, whilst 14% wished to see a better range of shops.

- 5.47 Hempstead Valley shopping Centre is a healthy centre with a 'Middle' venue score market position and a venue score retail ranking of 403. It is a purpose built shopping centre and is more responsive to market requirements. As a result, this centre has seen more proposals for expansion and a particular focus on commercial leisure uses. However, it is lacking in service related uses, which should be the focus for policy direction.

Strood district centre

- 5.48 Strood is a small district centre on the western side of the River Medway, separated from the other Medway towns but readily accessible by road and public transport connections. The district centre has a good convenience goods function, with three supermarkets within the defined district centre boundary (Asda, Aldi and Iceland), and a further two supermarkets (a large Morrisons and a smaller Tesco) outside the boundary but within a short walking distance, albeit with poor linkages to the district centre offer. The supermarkets, along with a Wilko store, act as the 'anchor' stores in the centre. The comparison offer is largely pitched towards meeting day to day shopping needs, and is generally of a fairly low grade with limited choice in any one category. The focus of the offer in the centre is more orientated towards convenience goods and services. A small market is held in Corporation Street car park twice-weekly.
- 5.49 The vacancy rate in the centre is above the UK average, and has marginally increased in recent months. Much of the vacant floorspace stock is small units, mostly in secondary areas of the centre, for where demand for premises cannot be expected to be strong.
- 5.50 Strood does not benefit from the historic character of the other centres in Medway, and appears to have suffered from a lack of investment in the public realm. The result is a poor quality public realm throughout, and a centre that feels 'tired' in character as a whole. The bisection of the centre by two major roads (the A2 and A228) means the centre suffers from a poor environmental quality. The dominance of cars discourages pedestrian movement, resulting in a poor pedestrian environment, not aided by poor quality pedestrian footways and crossings.
- 5.51 On the edge of the district centre are a number of other retail facilities – Strood Retail Park, and the aforementioned Tesco and Morrisons foodstores. Connectivity between the different retail elements within and surrounding the centre, the High Street, retail park, market (when trading) and foodstores is disjointed, resulting in a retail environment that is lacking cohesion and not clearly navigable. The Morrisons store on Knight Road is the largest foodstore serving Strood, and is a modern store with a strong range of fresh food counters. The Tesco store on Cuxton Road suffers from a dated external and internal appearance. The store functions as a small supermarket, with a limited but reasonable product range, almost entirely devoted to convenience goods. There was little evidence observed of 'linked trips' taking place between either the Morrisons or Tesco store and the town centre.

- 5.52 Strood Retail Park offers a number of retail warehouse-format units and large surface car park (with free car parking). Occupiers at the site currently include B&Q, Next, Argos, Brantano, KFC and Matalan, with Poundland expected to move into the former Paul Simon unit which ceased trading in 2014. The retail park is owned by Ropemaker Properties, who have recently submitted a planning application (MC/14/3317) for the B&Q store (which currently occupies a large unit on the eastern side of the retail park) for the 'construction of a replacement building to provide three retail units (class A1) and a gym (Class D2), removal of existing slip road, alterations to car park and other associated works (demolition existing unit)'. This application has been granted planning permission, and if implemented can be expected to introduce a number of new retailers into Strood. The parade of units which house the current B&Q and Next stores appears tired and dated, following a fire in 2006 investment was made in redeveloping the western terrace (anchored by Matalan). The presence of Strood Retail Park in such close proximity to the district centre could be better realised, in order to benefit the wider vitality and viability of both centres.
- 5.53 The environmental quality of the district centre and retail park is poor. The bisection of the retail offer by major roads interrupts pedestrian flow and means no sense of a cohesive centre is achieved. Pedestrian linkages between the different 'components' of the centre – the 'historic' centre, the Strood Retail Park, and the Tesco and Morrisons supermarkets, needs to be improved as a priority.
- 5.54 The household telephone survey confirmed the importance of Strood as a food shopping destination, with 74% of respondents stating food shopping was the main purpose of their trip to 'Strood' (the wider area including Tesco and Morrisons, not just the 'town centre'). Whilst many residents considered themselves satisfied with the centre, 10% identified traffic congestion as being an area of concern, and just under 20% of respondents raised concerns about the environmental quality of the centre (including a poor overall town centre environment and concerns over litter). 12% of respondents stated that the centre could be improved through additional car parking provision, and 14% stated that Strood would benefit from a better range of shops.
- 5.55 The vulnerability of this centre is reflected by its poor vitality and viability (reflective of its limited and poor quality offer), vacancies, poor environmental quality and interrupted pedestrian flow. The vitality and viability of Strood District Centre is one of the weakest of all Medway towns with its convenience role playing a fundamental role in contributing toward it's vitality and vibrancy. Impact on its convenience role could fundamentally impact on the wider vitality and viability of the centre.

Gillingham district centre

- 5.56 Medway's Local Plan (2003) defines Gillingham as a 'District Centre' within its hierarchy of centres. Gillingham is situated approximately 3km to the north east of Chatham. This district centre performs a functional role in meeting local convenience shopping and service needs. It is 'getting by' perfectly adequately, but does not display any particularly positive nor indeed overly negative indicators of vitality and viability.

- 5.57 The size of the centre and range of the retail offer means it that it only performs a limited function as a comparison goods shopping destination. Nevertheless the presence of multiple retailers such as Boots and Wilkinson ensures that day-to-day shopping needs can reasonably be met. The presence of a number of supermarkets and a range of retail services provide an important contribution to the centre's vitality and viability. A twice-weekly street market along High Street adds to the diversity of uses in the centre.
- 5.58 The 'anchor' store within the centre (Council owned) is a Budgens supermarket. However the ability for this store to contribute to the wider vitality and viability of the centre is compromised by location to the rear of the High Street with uninviting pedestrian access and a dated external and internal appearance which may put off some shoppers. The Aldi store to the east of the town centre (in an edge-of-centre location) is a modern store with a more agreeable shopping environment, but its disconnection from the pedestrianised High Street means it offers only limited opportunity to contribute to the wider vitality and viability of the centre.
- 5.59 The vacancy rate in the town centre is marginally below the UK average but, with one in ten units in the centre vacant, requires close monitoring. The environmental quality of the centre is satisfactory, but largely functional. As with other centres in the District, there is a need to improve in the physical appearance of a number of units in the Core Retail Area, particularly in terms of improving shop fronts.
- 5.60 The household telephone survey identified that 20% of respondents considered there to be a poor range of shops in Gillingham town centre; a further 8% of respondents stated they felt that there were too many shops of one type. When asked how the centre could be improved, 15% suggested providing a better choice of shops, and 20% stated the centre would benefit from the introduction of a department store. Almost 1 in 10 respondents considered the environmental quality of the centre to be poor.
- 5.61 Gillingham District Centre lacks vibrancy and diversity of uses on the high street to support the needs of users. It can be argued that the poor performance of its existing convenience stores is attributed to the fact that stores have a larger presence just outside the District Centre (Tesco store, Courtney Road and Iceland in Gillingham Retail Park), thus placing the centre in a vulnerable position, i.e. the opportunity to provide an expanded offer in the District Centre is limited due to the presence of these stores in close proximity. It is therefore clear that coupled with vacancy rates and environmental appearance this centre is vulnerable and requires an appropriate strategy to respond more positively.
- 5.62 The close proximity of the universities mean that Gillingham District Centre could be supported more by students than currently experienced (due to the limited offer on the high street and visual appearance). Opportunities to support the current (service needs) and aspired future role should be supported through the encouragement of appropriate uses, public realm improvements, seeking to diversity the offer and developing appropriate policy protection from edge of centre and out of centre proposals that could restrict or discourage operator interest in the centre.

- 5.63 It was acknowledged earlier in the report that the household survey findings with regard to Gillingham District Centre and Retail Park could have been flawed. It is recommended that until such time that clarity is provided on the performance of each separately, the Authority takes a cautious approach to protect the vitality and vibrancy of the centre particularly where out of centre or edge of centre proposals pose a threat to its vitality, viability and vibrancy.

Rainham district centre

- 5.64 Rainham is situated approximately 7km to the east of Chatham. The town centre is focused on the junction of the A2 (High Street) and Station Road, with much of the retail offer accounted for by the pedestrianised Rainham Shopping Centre. Rainham is one of the smallest of the Medway District Centres, and fulfils a role and function which is principally catered towards meeting local convenience goods and services needs, coupled with some limited day-to-day comparison goods shopping facilities.
- 5.65 The retail offer is anchored by the Tesco Metro store in Rainham Shopping Centre. Whilst this store is relatively dated it offers a reasonable selection of products to meet top-up and some main shopping needs. Elsewhere in the centre, most of the retail offer is pitched at the discount / value end of the market. The centre has an important service function, but there is an over-concentration of certain types of retail services, particularly hot food takeaways within the centre. Whilst there are a handful of multiple retailers present in the centre, the majority of the offer is given over to the independent retail sector. This provides a diverse town centre but many retailers are trading from poor quality premises which are in need of improvements to their visual appearance.
- 5.66 The vacancy rate is below the UK average, and most of the vacant floorspace in the centre is small units in relatively secondary parts of the centre. Whilst a number of previously vacant units in the centre have recently been let, the lettings have been to generally poor quality retailers. This is reflective of the relatively limited demand which is likely to exist for the centre. The environmental quality of the centre is functional, and whilst there are no major areas of concern, the upgrading of the physical appearance of a number of the units, particularly on Station Road, would be beneficial. The ability for significant environmental improvement is constrained by the busy High Street.
- 5.67 The household telephone survey indicated that most users of the district centre were generally satisfied, with 21% of respondents stating they liked the compactness of the centre and ease of getting around. 27% of respondents stated the centre could be improved by providing a better range of shops, and 16% of respondents stated they felt the centre would benefit from cheaper parking.
- 5.68 Rainham is a vulnerable centre. It has a significantly lower retail ranking venue score compared to the other district centres in the Borough. This could be attributed to the poor quality stores, vacancies and poor physical appearance of stores rather than being credited to the district centre's size and local function. The quality and appearance of the shops also play a role in attracting better quality retailers, thereby necessitating physical improvements to attract better quality retailers.

Out-of-centre retail provision in Medway

- 5.69 There are three principle concentrations of out-of-centre retail activity in Medway — Horsted Retail Park, to the south of Chatham; Gillingham Retail Park, which is located on the A2 approximately midway between the centres of Chatham and Rainham, and a short distance to the south east of Gillingham district centre; and Strood Retail Park, on the edge of Strood district centre. We have discussed the latter as part of our assessment of Strood district centre (as set out above), as the retail park has a functional relationship with the district centre, and indeed offers an opportunity for the vitality and viability of the wider centre to be improved. The three retail parks are shown on the retail network plan at Figure 5.1.
- 5.70 **Horsted Retail Park** is located on Maidstone Road, the main radial route into Chatham from the south and close to junction 3 of the M2, the centre provides a number of large retail warehouse-format stores, together with directly adjacent surface car parking. The site is currently occupied by PC World, Curry's, Homebase, Toys 'R' Us and Pets Mart. It is predominantly 'bulky goods' in nature, with limited scope to directly compete with the town centre. The purpose built retail park is a considerable distance from any town centre, but is likely to draw trade from residents in the Chatham, Rochester and Walderslade areas. A short distance further south along Maidstone Road is a large (4,861 sq m net) Asda foodstore, which offers a range of facilities including clothing, a pharmacy, hot food counters, and click & collect facilities. Elsewhere in the Chatham area, there is a 2,268 sq m net Morrisons foodstore on Princes Avenue at Walderslade, and a 1,291 sq m Co-Operative foodstore in Walderslade Village, part of which has been sub-let to a Peacocks clothing concession.
- 5.71 Located approximately three km to the south east of Gillingham is the **Gillingham Retail Park** which comprises 10,112 sq m of open A1 retail floorspace. It forms a substantial part of one of Medway's principle out-of-town retail offer, and includes stores occupied by B&Q, Dreams Beds and Pets at Home. One of the units on the retail park also operates as an Iceland supermarket. Planning permission was granted in May 2015 for a new 1,879 sq m gross (1,254 sq m net sales) Aldi store at Gillingham Retail Park, which will be created through the demolition of existing Units 5 and 6 (a vacant unit and a Harveys furniture store). As part of the permission, Unit 4 (also currently vacant) will be reconfigured and extended through the introduction of mezzanine floorspace, meaning the total net sales area of Unit 4 will increase by 864 sq m net⁶.
- 5.72 We factor these 'commitments' into our retail capacity forecasts for Medway set out in Section 8. Adjacent to the retail park, on the opposite side of Courteney Road, is a Tesco Extra foodstore (net sales area of c.3,000 sq m). To the south of the Tesco store is a branch of Dobbies Garden Centre. This concentration of retailing activity acts as a significant out-of-centre shopping destination, and whilst most of the uses are 'bulky goods' in nature, the occupation of some of the units by operators who typically locate in town centres (such as Iceland) suggests there may be some direct competition with the surrounding network of town and district centres, most particularly Gillingham.

⁶ Source: Firstplan Planning & Retail Statement, December 2014 (Medway Council planning application ref MC/14/3867)

- 5.73 In addition to the above retail parks, further retail and leisure facilities are provide at the **Dockside Factory Outlet Centre** at Maritime Way, approximately 2 miles to the north-east of Chatham town centre. The Factory Outlet Centre contains 'outlet' stores (generally selling discounted/past season stock) from a range of national multiple retailers. The main 'anchor' to the centre is a Marks & Spencer Outlet store, and other retailers include Sports Direct, Clarks and Mountain Warehouse, as well as a number of smaller operators. The centre also contains a Cadbury outlet; there are also a number of food operators including Burger King. Immediately adjacent to the Dockside Factory Outlet Centre is a collection of leisure and tourism uses, including the Dickens World museum, an eight-screen Odeon cinema, and a number of family dining restaurants including Pizza Hut and Nando's. There is no cinema located in any of the town or district centres in Medway, and relatively limited representation from national commercial leisure operators, and therefore Chatham Dockside represents the principle 'hub' for this type of activity in Medway. There is also a Ramada hotel located nearby on Western Avenue.
- 5.74 This area therefore focuses as a separate cluster of retail and commercial leisure activity, and whilst the presence of Dickens World and the Outlet Centre are, it would be expected, more orientated towards visitors to the area rather than local residents, the cinema and restaurants are both likely to be well-used facilities by residents in Medway, given the lack of these type of facilities in the defined centres and the growing residential population in immediate vicinity of Chatham Dockside.

6. Capacity forecasts methodology

- 6.1 In this section we set out the performance of existing floorspace across the study area. After introducing the approach to calculating capacity, we consider the performance of Gravesham and Medway in separate sections of the chapter, including analysis of the performance of individual town and district centres within each authority area. From this analysis, we are then able to establish the quantitative 'need' for additional retail floorspace, disaggregated by authority. The findings of this section should be read in association with the capacity tabulations at **Appendix I** (for convenience goods) and **Appendix II** (for comparison goods) in Volume 2.

Methodology

- 6.2 The 'need' for new floorspace is calculated through a conventional and widely-accepted step-by-step methodology, consistent with best practice, which draws upon the findings of the household telephone survey of shopping patterns (as previously discussed) to model the current flows of expenditure to each retail destination within the survey area, and those competing centres in the surrounding area.
- 6.3 The first stage in this exercise is establishing the 'baseline' position, which is developed as follows:
- **Step 1:** Calculate the total amount of convenience and comparison goods expenditure which is available within the postcode sectors comprising the main centres' catchment areas;
 - **Step 2:** Allocate the available expenditure to the convenience and comparison goods shopping destinations visited by residents within these postcode sectors, as defined by the household telephone survey of shopping patterns.
 - **Step 3:** Compare the total expenditure attracted to each shopping destination with the current retail floorspace to assess 'sales densities' (i.e. turnover per sq m) in each shopping destination.
- 6.4 Once a baseline position is established, the growth of convenience and comparisons goods expenditure and the required retail floor space is explored. Initially this is done by utilising Experian data as identified earlier in this report. This is followed by expanding the quantitative modelling further to test a number of alternative scenarios that relate to the wider Strategic Housing and Economic Needs Assessment, and the Strategic Housing Market Assessment in particular.

Survey Area and Household Survey

- 6.5 As set out in Section 4, in order to determine the 'need' for new floorspace, a household telephone survey of shopping patterns was undertaken during February 2015, covering Gravesham and Medway in their entirety as well as parts of adjacent authorities. The extent of the survey area is shown in **Figure 4.1** in Section 4.

- 6.6 The household telephone survey results identify shopping habits of households for both convenience and comparison goods, as well as commercial leisure spending (which we discuss separately in Section 9 of this report). For convenience goods, the household telephone survey included questions on 'main food' and 'top-up food' shopping. The results of the two types of food expenditure were then merged through the application of a weight which reflects the estimated proportion of expenditure accounted for by each goods type (70% main food / 30% top-up food). This forms a 'composite' pattern of convenience spending, expressed as a market share for each destination centre or foodstore for each survey zone.
- 6.7 For comparison goods, the household telephone survey included questions on where respondents normally undertake shopping for the following types of comparison goods shopping:
- Clothing and footwear;
 - Furniture, floor coverings and household textiles;
 - DIY and decorating goods;
 - Domestic appliances;
 - Audio-visual equipment;
 - Personal and medical goods; and
 - Recreational and luxury goods.
- 6.8 Shopping patterns for each of these types of comparison goods are then combined to produce a 'composite' set of comparison goods market shares. To achieve this combined merging, weighted averages from the household survey responses are derived based on the proportion of personal spending on each goods category ('expenditure per capita') available to residents in the survey area.

Estimates of Population in the Survey Area

- 6.9 The population estimates used as the basis of our retail capacity forecasts are initially derived from Experian Micromarketer, and are based on past trends (from Census data and ONS mid-year estimates) and projected forward at a postcode sector level.
- 6.10 In addition, this study (in Section 7 and 8) takes into consideration population projections derived as part of the Strategic Housing Market Assessment (SHMA) which forms part of the overall SHENA commission. The intention is to analyse the differences in population growth as a result of the various population growth scenarios in order to assess the implication on retail and leisure floorspace required in the study area. Gravesham Borough Council has provided the population scenarios and devised the methodology and explanatory note (See Volume 2, Appendix III); and GVA has incorporated the population figures into the baseline model in order to provide retail 'need' outputs.

6.11 The population projections that have been modelled for both Gravesham and Medway include:

- DCLG Household Projections 2012 based (HP)
- HP including 2013 and 2014 MYE
- Long term migration
- Long term migration inc. unattributable Population Change (UPC)
- Average long term migration
- Sector growth
 - Sensitivity 1
 - Sensitivity 2
- Sectors & London Paramount Indirect
 - Sensitivity 1
 - Sensitivity 2

6.12 For the purposes of this study, the above scenarios have been narrowed down to the following four and focus on the recommendations of the SHMA:

- A: Average long-term migration scenario
- B: 2012 based sub-national household projections including 2013 and 2014 mid-year estimates
- C: Sectors and London Paramount Indirect Sensitivity 2
- D: Combination of B and C – This is done as Medway's advised OAN is based on C and Gravesham's advised OAN based on D

6.13 Table 1, Appendix I, sets out the current and projected population for each of the zones as sourced from Experian Micromarketer which together comprise the survey area shown in Figure 4.1. The total current population in the survey area is 527,757 persons. Based on population projections provided by Experian, this will increase to 631,992 persons by 2037 (the end of the study period). This represents a growth in population of 104,235 persons. We refer to Experian Micromarketer's population projections as the 'Experian baseline' projections.

6.14 As stated earlier alternative population projections have been tested which are based on potential growth scenarios outlined in the SHMA, in order to provide a range of potential floorspace scenarios. We return to discuss this in Section 7 and 8.

Available Expenditure in the Survey Area

6.15 Experian identify a 'per capita' spend on comparison and convenience goods on a zone by zone basis, and these are shown in Table 2 of Appendix I for convenience goods, and Table 2 of Appendix II for comparison goods. These show that:

- comparison goods per head spend ranges from £2,551 in zone 12 (Chatham & Gillingham) to £4,148 in zone 8 (Meopham) (2015);
- convenience goods per head spend ranges from £1,751 in zone 12 to £2,368 in zone 8 (2015).

6.16 It is expected that spend per head on comparison and convenience goods will increase over the course of the study period. Therefore, we apply an annual growth rate to the 2015 baseline figures, which reflects expenditure growth rate projections set out in Experian's Retail Briefing Note 12.1 (October 2014). The growth rates we have used are summarised in Table 6.1. It should be noted that Experian only forecast expenditure growth rates up to 2035, and therefore for the period 2035-37 we roll forward the growth rate for the period 2025-35 a further two years. Growth rates, particularly in the medium to long term (i.e. post-2020) should be considered indicative, and are likely to be subject to change. For this reason and in keeping with best practice, it is recommended that capacity forecasts are refreshed at regular intervals.

Table 6.1: Expenditure growth rates

	Comparison goods expenditure growth rates per annum (%)	Convenience goods expenditure growth rates per annum (%)
2013-14	4.6%	-1.3%
2014-15	5.6%	-0.5%
2015-25	3.3%	0.6%
2025-35	3.3%	0.6%
2035-37	3.3%	0.6%

Source: Experian Retail Planner 12.1

6.17 The expenditure per head figures set out in Table 2 of Appendix I and II have been discounted to include allowance for 'special forms of trading', such as online shopping. Experian forecast (Retail Planner 12.1, 2015) that this currently accounts for 12.5% of comparison goods spending, and 2.8% of convenience goods spending, and expect this to increase over the course of the study period to 15.2% for comparison goods by 2035, and 6.1% for convenience goods by 2035⁷. Table 2 of Appendix I and II summarise the 'with' and 'without' expenditure figures, and also shows the deductions we have made for SFT over the duration of the study period.

6.18 By applying the baseline Experian population projections to the per capita expenditure forecasts, we can gain an understanding of the total amount of spending on comparison and convenience goods which is currently available to residents of the survey area, and how much this is expected to increase over the course of the study period:

- There is currently £1,5691.m of comparison goods expenditure available to residents of the survey area, which is expected to increase to £3,721.1m by 2037, equivalent to a growth in comparison goods spending of £2,152.0m; and

⁷ Experian do not project 'special forms of trading' beyond 2035, and therefore we hold Experian's SFT projections for 2035 constant for our final assessment year of 2037.

- There is currently £1,012.3m of convenience goods expenditure available to residents of the survey area, which is expected to increase to £1,343.1m by the end of the study period, equivalent to a growth in convenience goods spending of £283.5m.

Sales Efficiency

6.19 It is also necessary to factor in changes in respect of 'sales efficiencies'. These represent the ability of retailers to increase their productivity and absorb higher than inflation increases in their costs (such as rents, rates and service chargers) by increasing their average sales densities. The application of a turnover 'efficiency' growth rate is a standard approach used in retail capacity studies. Although Experian (who are the data providers for the other technical inputs into this study) do not provide clear guidance on sales densities, it is fair to assume that as Experian anticipate that personal spending on both comparison and convenience goods will increase over the study period, so will sales efficiency. Informed by Experian's expenditure growth forecasts, we have therefore adopted the following sales efficiency growth rates. The expenditure growth rates are, in each case, 50% of the overall per capita growth rates for the study period, which is considered to be a robust position.

- **Comparison goods:** 1.65%, per annum (50% of comparison goods expenditure growth rate of 3.3% per annum);
- **Convenience goods:** 0.3%, per annum (50% of convenience goods expenditure growth rate of 0.6% per annum).

Floorspace Data

6.20 The comparison and convenience goods floorspace data which we incorporate into our model has been drawn from a range of data sources, including the Institute of Grocery Distribution (IGD), Experian Goad, the Trevor Wood Retail Warehouse Database, and previous retail capacity evidence bases for the two authorities. Our floorspace assumptions for foodstores make allowance for a proportion of the sales area of the foodstore to be used for the sale of comparison goods in supermarkets; this may include books, stationery, home entertainment, small electrical items, and so on.

7. Capacity forecasts for Gravesham Borough

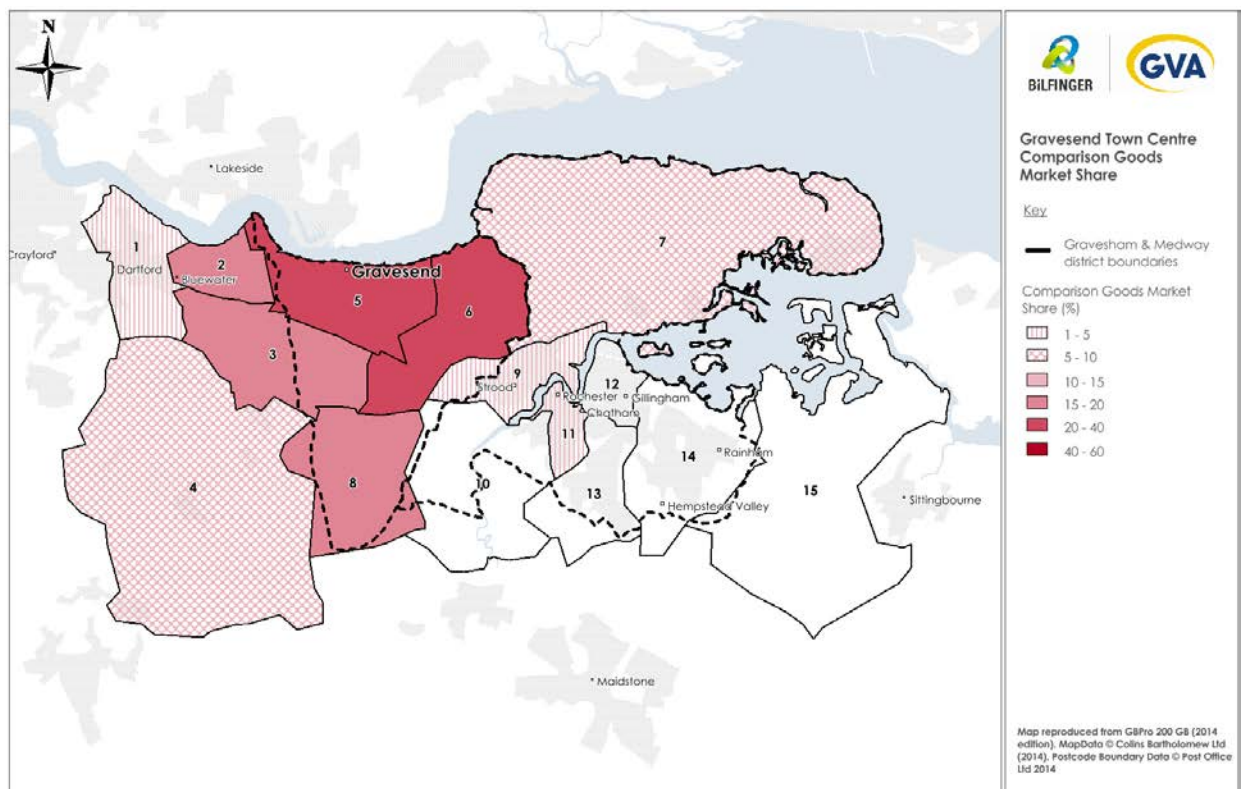
- 7.1 In this section we set out the quantitative capacity forecasts for Gravesham Borough, based on the methodology set out in the previous chapter. We firstly consider the comparison goods capacity forecasts for the Borough (which should be cross-referenced with data tables at **Appendix II**), before considering the convenience goods capacity forecasts (which should be cross-referenced with data tables at **Appendix I**).

Comparison goods capacity forecasts

Gravesend town centre

- 7.2 Gravesend town centre's catchment area is, as the highest order centre in Gravesham Borough, unquestionably constrained by the presence of Bluewater to the west of the Borough.

Figure 7.1: Gravesend town centre comparison goods market share



Source: household survey results

- 7.3 Analysis of the catchment zones by market shares shows that there are only two zones from which Gravesend town centre draws a comparison goods market share of 30% or above – its 'local' zone (zone 5) i.e. the urban area of Northfleet and Gravesend and zone 6, to the south-east which includes the settlements of Shorne and Higham. The market share from the three zones which buffer Northfleet and

Gravesend to the west and the south i.e. zones 2, 3 and 8 – is below 15%, despite the relative proximity of many residents in these zones' to Gravesend town centre. Beyond this, the market share diminishes further at the expense of Bluewater to the west, and the Medway towns to the east, with Chatham, for example, having a number of overlapping comparison goods retailers with Gravesend. Figure 7.1 shows the market share to Gravesend town centre from each of the survey zones.

- 7.4 As Figure 7.1 shows, Gravesend's town centre's ability to maintain or even extend its catchment will, over the course of the study period, be limited by Bluewater's ongoing strength as a shopping destination. There is no reason to suspect that the influence of Bluewater will become any less, and indeed the fact that much of Gravesham Borough and particularly Gravesend town centre is well connected to Bluewater by road and public transport suggests that Gravesend town centre may see further competition from Bluewater, unless measures are taken to enhance the offer available at Gravesend town centre as documented earlier. It also means that Gravesend town centre will continue to need to have a role and function that differs from Bluewater in order to be a strong performing centre. We return to discuss this further in our recommendations in later sections.

Out-of-centre retail floorspace

- 7.5 The main retail warehouse shopping facility in the Borough is Imperial Retail Park, on the edge of Gravesend town centre, it draws a further £53.1m of comparison goods spending from the survey area. In the context of the turnover of Gravesend town centre (£134.6m), this turnover is not insignificant – it is equivalent to 40% of the total turnover of Gravesend town centre. As our performance assessment identified, there appears to be a dilution of the type of retail uses operating from this location, with a number of 'town centre' uses occupying units within the retail park, this needs to be carefully monitored moving forward to ensure that Imperial Retail Park does not become a retail destination that directly competes with Gravesend town centre.

Performance analysis

- 7.6 We have assessed the performance of Gravesend town centre by considering the shopping patterns (as identified by the household telephone survey) and the performance of existing comparison goods floorspace within the centre. Using the market shares attributed to Gravesend town centre from the household telephone survey, and the baseline estimates of expenditure available to the survey area, we have been able to calculate the comparison goods turnover of Gravesend town centre. Analysing the trading performance of the town centre is a useful exercise in showing whether the centre is trading in line with expectations given its role and function in the retail hierarchy, or whether it is 'under-trading' or 'over-trading'.
- 7.7 Table 8a of Appendix II shows that, as an aggregate, comparison goods floorspace in Gravesham (which is predominantly accounted for by Gravesend town centre and Imperial Retail Park) achieves a sales density of £4,955 per sq m (Including 5% Inflow). This is established by dividing the total comparison

goods turnover of the centres in the Borough (as identified from the household telephone survey) by the total comparison goods retail floorspace in the Borough (derived from Experian Goad estimates).

Table 7.1: Trading performance of comparison goods retail floorspace in Gravesend

	Comparison goods turnover (£m) Including 5% Inflow	Estimated comparison goods floorspace (sq m net)	Turnover per sq m (£)
Gravesend town centre	141.7m	26,910	5,266
Edge / out-of-centre floorspace in Gravesend	69.5m	15,711	4,424
Total	211.2m	42,621	4,955

Source: Table 5a, 6 & 8a, Appendix II

- 7.8 Table 7.1 identifies that Gravesend town centre achieves a turnover (sales density) in the region of £5,300 per sq m. This can be considered an underperformance; in our capacity projections for future comparison goods floorspace, we have adopted a 'baseline' sales density of £6,000 per sq m, which, based on our experience in undertaking comparable evidence base studies, represents a typical comparison goods sales density of a robustly-trading centre – albeit at the lower end in terms of performance. Gravesend town centre's sales density falling below a lower threshold baseline, therefore suggests that the comparison goods floorspace in the centre is currently underperforming.

Identification of comparison goods capacity

- 7.9 Having undertaken the above assessment of trading performance, we are in a position to establish the quantum of new comparison goods floorspace which the Council should plan for. In assessing capacity for future comparison goods floorspace, we have presumed that existing comparison goods floorspace stock across Gravesham will improve its sales efficiency (i.e. its turnover per sq m, as discussed above) at a rate of 1.65% per annum throughout the study period to 2037. As noted above, we have assumed that new comparison goods floorspace should achieve sales in the region of £6,000 per sq m as a Borough-wide average from the outset. We have also allowed for a small amount of expenditure inflow into the Borough, equivalent to 5% of total comparison goods spending. This figure is held constant throughout the period to 2037, and is in keeping with previous retail evidence base work undertaken for Gravesham.
- 7.10 For both our comparison and convenience goods capacity forecasts, it is important to emphasise that forecasts become increasingly open to margins of error as time progresses, and as mentioned earlier should be regularly refreshed as part of the Councils' evidence base, as has been the case to date. We also advise that the findings should be considered alongside the qualitative discussion of the performance of individual centres previously set out in this report and which can be monitored annually through analysing town centre footfall, vacancy rates, etc. In itself the identification of low/negligible floorspace requirements through quantitative forecasting does not necessarily mean that there is no

'need' for additional floorspace, as qualitative improvements can often only come forward through the delivery of new floorspace.

- 7.11 The comparison goods capacity forecasts modelling undertaken for this study is presented below with and without 'commitments' for new comparison goods retail development in the Borough. Table 7.2 shows that, when taking into account the schedule of commitments for new retail floorspace listed at Table 8a of Appendix II, there is a 'need' for an additional 1,400 sq m net comparison goods floorspace in the Borough by 2025, increasing to 16,600 sq m net by 2037 when considering the Experian baseline forecast alone. When considering the alternative population scenarios linked to the SHMA, there is a 'need' for an additional 1,600-2,900 sq m net comparison goods floorspace in the Borough by 2025, increasing to 15,800-17,600 sq m net by 2037.
- 7.12 The modelled scenarios in Table 7.2 include all retail 'commitments' with over 500 sq m net of new comparison goods retail floorspace. The turnover of these 'commitments' is deducted from the identified capacity forecasts. In some instances, where planning permission has been granted for 'open A1' uses, we have made assumptions regarding the likely split of this floorspace between comparison and convenience uses. We have also made assumptions regarding the likely turnover of these commitments, based on applying appropriate sales densities, in instances where this information cannot be sourced from the planning application.

Table 7.2: Comparison goods floorspace capacity, Gravesham including commitments

	2020	2025	2028	2031	2037
Experian baseline projection	-3,500	1,400	4,700	8,600	16,600
A – Average long term migration	-3,100	1,900	5,200	8,800	16,400
B - HP including 2013 and 2014 MYE	-3,300	1,600	4,900	8,300	15,800
C - Sectors and London Paramount Indirect Sensitivity 2	-3,000	2,900	6,500	10,200	17,500
D - Combination of B and C – This is done as Medway's OAN is based on B and Gravesham's OAN based on C	-3,000	2,900	6,500	10,300	17,600
All floorspace sq m net, rounded					

- 7.13 To illustrate comparison goods capacity should the identified commitments not come forward, comparison goods forecasts which exclude the schedule of commitments shown at Table 7a of Appendix II, are shown in Table 7.3. This shows that the capacity for additional comparison goods floorspace under the Experian baseline forecast increases to 8,100 sq m net at 2025 (from 1,400 sq m net), and to 23,600 sq m net at 2037 (from 16,600 sq m net). Under the alternative population scenarios taken from the SHMA, the capacity for additional comparison goods floorspace increases to 22,500-24,300 sq m net at 2037. It should be noted that if the commitments listed at Table 7a of Appendix II do not come forward, the 'need' for additional comparison goods retail floorspace arises sooner, at 2020 rather than 2025.

Table 7.3: Comparison goods floorspace capacity, Gravesham excluding commitments

	2020	2025	2028	2031	2037
Experian baseline projection	3,200	8,100	11,400	15,600	23,600
A – Average long term migration	3,600	8,600	11,900	15,500	23,200
B - HP including 2013 and 2014 MYE	3,400	8,300	11,500	15000	22,500
C - Sectors and London Paramount Indirect Sensitivity 2	3,700	9,600	13,200	16,900	24,200
D - Combination of B and C – This is done as Medway's OAN is based on B and Gravesham's OAN based on C	3,700	9,600	13,200	17,000	24,300
All floorspace sq m net, rounded					

- 7.14 For both the 'with commitments' and 'without commitments' scenarios, we advise that longer-term forecasts (i.e. beyond 2025) should be treated as indicative and subject to regular review.

Convenience goods capacity forecasts

Shopping patterns

- 7.15 Our assessment has identified that there is £1,012.3m of convenience goods expenditure available to residents of the survey area. Of this, a total of £794.5m (78%) is retained by centres and stores in Gravesham and Medway, including £248.6m spent in Gravesend town centre and standalone foodstores in Gravesham;

- 7.16 Gravesend has an established network of foodstores, a mixture of smaller-format stores in Gravesend town centre (Tesco Metro, Iceland), and larger edge and out-of-centre stores, chiefly Morrisons at Northfleet, Asda at Imperial Retail Park, and Sainsbury's at Northfleet, which has in recent years been significantly extended and is now the largest foodstore in the Borough. These latter three large foodstores account for the majority of convenience goods spending, and each draw similar levels of turnover from the survey area - £62m, £61m and £59m respectively. The smaller Tesco Metro store in Gravesend town centre draws £19m of spending. An Aldi foodstore in Rosherville Local Centre, Northfleet, draws a further £18m of spending.
- 7.17 Analysis of the household telephone survey results shows that the large-format Morrisons, Asda and Sainsbury's stores all act as significant destinations for 'main' food shopping trips, with each drawing strong 'main' food market shares from across the Borough. The Morrisons store accounts for over a quarter of main food shopping trips from each of the four survey zones which comprise Gravesham Borough, whilst Asda accounts for almost one-third of all 'main' shopping trips from residents in zones 5 and 6 (see **Table 7.4**). The influence of the Sainsbury's on main food shopping patterns is slightly less pronounced but the store still draws a market share of 26% from zone 5 and 29% from zone 3. The smaller Tesco and Aldi stores do not feature as 'main' food shopping destinations.
- 7.18 Table 7.3 shows that, for the most part, these large standalone foodstores do not have a significant role in 'top-up' shopping, with market shares typically under 10%. The noticeable exception to this is the Morrisons store, which accounts for a 27% 'top-up' market share from residents in its 'local' zone, zone 5, possibly suggesting a lack of smaller-format foodstores in this part of the Borough. Table 7.3 also shows that the Tesco Metro in Gravesend town centre plays an important role as a top-up shopping destination, accounting for 15% of the top-up market share in zone 6 and 14% in zone 5. The Iceland store does not feature in the household survey results as a significant 'main' or 'top-up' shopping destination. Of note is that the Asda store at Imperial Retail Park accounts for a maximum of 10% of top-up shopping trips from any single survey zone, despite being located on the edge of Gravesend town centre. This indicates that this store largely functions as a standalone 'main' food shopping destination.
- 7.19 The household survey results also show that there is a network of smaller-format stores across the Borough which act as important top-up shopping destinations. Generally there are a lot of small-format 'convenience' stores (Co-Op, Tesco Express and so on) which draw localised top-up market shares; of particular note is the performance of the Co-Op store at Istead Rise, which claims 38% of the 'top-up' market share from residents in Zone 3.
- 7.20 Gravesham Borough is relatively self-contained for convenience goods shopping. Table 5 of Appendix I shows that the only significant attractor of convenience goods expenditure outside the Borough is Waitrose in Longfield, which draws £4.3m of spend from zone 3, and £2.2m from zone 8. The Asda store at Greenhithe draws a further £2m of spend from residents in zone 3. Many residents in zone 3 are equidistant to these stores and facilities in Gravesend, and so these trends are not considered a particular concern.

Table 7.4: Market shares for 'main' and 'top up' convenience shopping in Gravesham Borough

	Highest 'main' food market shares	Highest 'top up' market shares
Morrisons, Northfleet, Gravesend	Zone 8: 28% Zone 5: 27% Zone 6: 27% Zone 3: 30%	Zone 5: 27% Zone 6: 8% Zone 3: 7% Zone 8: 7%
Asda, Imperial Retail Park, Gravesend	Zone 6: 33% Zone 5: 32% Zone 2: 26% Zone 3: 14% Zone 8: 11%	Zone 2: 10% Zone 5: 10% Zone 6: 6%
Sainsbury's, Northfleet, Gravesend	Zone 3: 29% Zone 8: 26% Zone 5: 19% Zone 6: 15% Zone 2: 14%	Zone 2: 10% Zone 5: 10% Zone 8: 10% Zone 3: 9%
Tesco Metro, Gravesend town centre	Zone 5: 8% Zone 6: 6%	Zone 6: 15% Zone 5: 14%
Aldi, Northfleet, Gravesend	Zone 5: 7% Zone 6: 6% Zone 8: 5% Zone 2: 5%	Zone 3: 5% Zone 5: 5% Zone 6: 5%

Source: household survey results

Performance analysis

- 7.21 As we have identified previously, convenience shopping is an important contributor to the wider role and function of Gravesend town centre. Analysis of the household survey results confirms this: of those respondents who stated that Gravesend was the centre they visited most often in the survey area, 47% stated that the main reason for visiting was for food shopping. This is despite, as set out above, provision within the town centre itself serving a 'top up' function rather than meeting most residents' 'main' food shopping needs.
- 7.22 It is, of course, important to acknowledge that there are a number of smaller specialist / independent foodstores also trading in the town centre, which contribute to the wider vitality and viability of the town centre. The town centre has a total convenience goods turnover of £34.1m, of which £19.4m is accounted for by Tesco Metro, £1.2m by Iceland and the remaining £13.5 by other stores in the town centre. We estimate the Tesco store to be trading at just above company average levels; Iceland to be 'under-trading' by approximately £2m, and the remaining stores to be collectively performing considerably above average. Notwithstanding the underperformance of the Iceland store, the aggregate position in terms of convenience goods floorspace is one of over-trading.

- 7.23 The out-of-centre convenience goods retail floorspace in the Borough is generally trading well. The Morrisons store at Northfleet is performing particularly strongly, drawing a convenience goods turnover of £62m from the survey area – when compared to company average levels, we estimate this store to be ‘over-trading’ by approximately £33m. The Asda store at Imperial Retail Park and nearby Aldi store at London Road, Northfleet, are also trading well, at £10m and £12m above company average levels respectively. Indeed, our analysis indicates that, with the exception of Sainsbury’s at Northfleet (which is trading approximately £7m below company average levels), all of the principle out-of-centre foodstores in the Borough are over-trading to varying degrees. As an aggregate, out-of-centre foodstores in the Borough are over-trading by approximately £66m.

Identification of convenience goods capacity

- 7.24 Having undertaken the assessment of trading performance of existing floorspace in the Borough, we set out in **Table 7.5** the amount of additional convenience goods floorspace which Gravesham Borough will need to plan for over the study period to 2037. As with the comparison goods capacity assessment set out previously, we have assumed that existing retail floorspace will improve its sales efficiency over the course of the study period; for convenience goods we assume a sales efficiency growth of 0.3% per annum over the duration of the study period. We have assumed that new convenience goods floorspace should achieve a turnover in the region of £12,000 per sq m as an average across the Borough, which based on our experience elsewhere and published sales densities from Verdict represents a typical sales density for a ‘main’ foodstore (i.e. that which would be operated by a retailer such as Asda, Sainsbury’s or Tesco).
- 7.25 The floorspace figures set out in Table 7.5 make allowance for ‘commitments’ for new convenience goods, as set out at Table 7a of Appendix I. We estimate that in total this ‘committed’ floorspace will achieve a turnover of £49.2m (Table 7a, Appendix I).

Table 7.5: Convenience goods floorspace capacity, Gravesham (including commitments)

	2020	2025	2028	2031	2037
Experian baseline forecast	2,700	3,800	4,400	6,100	6,500
A – Average long term migration	2,800	3,900	4,600	5,200	6,600
B - HP including 2013 and 2014 MYE	2,700	3,700	4,400	5,000	6,300
C - Sectors and London Paramount Indirect Sensitivity 2	2,900	4,400	5,200	6,000	7,100
D - Combination of B and C – This is done as Medway’s OAN is based on B and Gravesham’s OAN based on C	2,900	4,500	5,200	6,000	7,200
	All floorspace sq m net, rounded				

Source: Table 8a, Appendix I

- 7.26 Table 7.5 shows that under the Experian baseline forecast there is a requirement for 3,800 sq m net additional convenience goods floorspace in Gravesham Borough by 2025, increasing to 6,500 sq m net by 2037 (Table 8a, Appendix I). When considering the alternative population scenarios linked to the SHMA, there is a 'need' for an additional 3,700-4,500 sq m net convenience goods floorspace in the Borough by 2025, increasing to 6,300-7,200sq m net by 2037. Forecasts beyond 2025 should be considered indicative and subject to review in future years.
- 7.27 As with the comparison goods capacity forecasts, convenience capacity forecasts are also provided without the planning commitments listed at Table 7a of Appendix I, in the event that they do not proceed as planned. These figures are shown in **Table 7.6**, and indicate that the 'need' for additional convenience goods floorspace under the Experian baseline forecast over the period to 2037 increases from 3,800 sq m net to 7,800 sq m net at 2025, and from 6,500 sq m net to 10,600 sq m net at 2037. Under the alternative population scenarios taken from the SHMA, the capacity for additional convenience goods floorspace increases to 10,300-11,100 sq m net at 2037. Again, figures beyond 2025 should be considered indicative and treated with caution.

Table 7.6: Convenience goods floorspace capacity, Gravesham (excluding commitments)

	2020	2025	2028	2031	2037
Experian baseline forecast	6,800	7,800	8,400	10,100	10,600
A – Average long term migration	6,800	7,900	8,600	9,200	10,600
B - HP including 2013 and 2014 MYE	6,700	7,800	8,400	9,000	10,300
C - Sectors and London Paramount Indirect Sensitivity 2	6,900	8,500	9,300	10,000	11,100
D - Combination of B and C – This is done as Medway's OAN is based on B and Gravesham's OAN based on C	6,900	8,500	9,300	10,000	11,100
	All floorspace sq m net, rounded				

8. Capacity Forecasts for Medway

- 8.1 In this section we set out the quantitative capacity forecasts for Medway, based on the methodology set out in Section 6. As with our assessment for Gravesham (section 7), we firstly consider the comparison goods capacity forecasts for the Borough (which should be cross-referenced with data tables at **Appendix II**), before considering the convenience goods capacity forecasts (which should be cross-referenced with data tables at **Appendix I**).

Comparison goods capacity forecasts

Chatham town centre

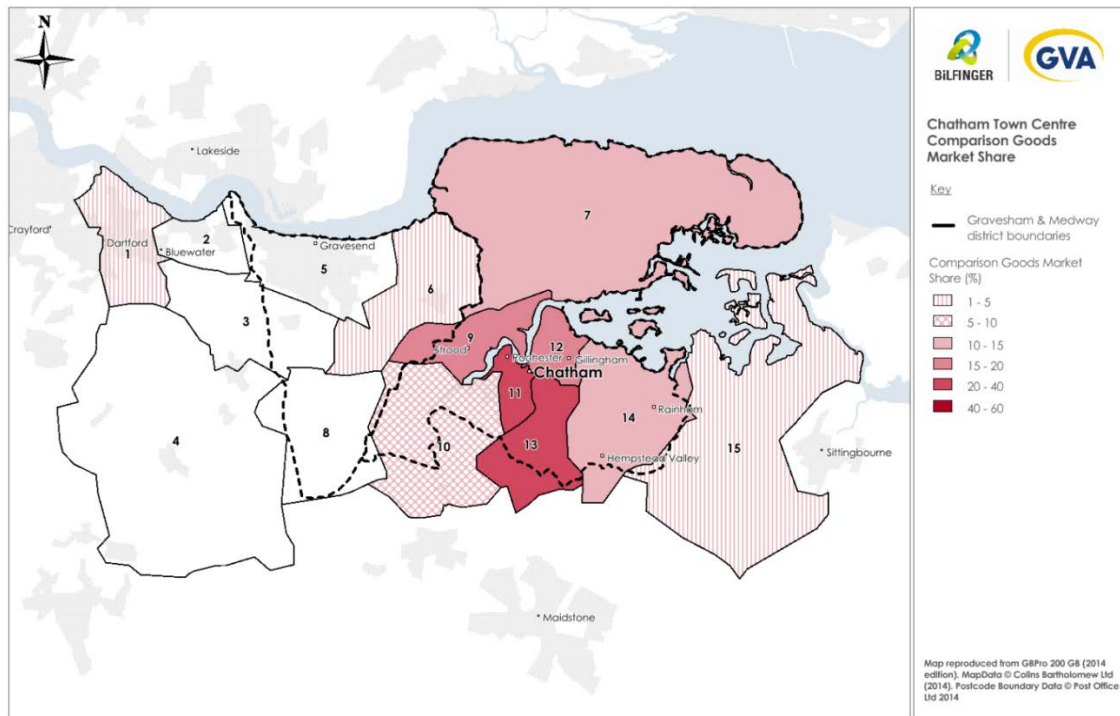
- 8.2 Chatham town centre attracts the highest comparison goods turnover of all the centres in Medway, drawing £168m of spending, compared to Gravesend's (the equivalent highest-order centre in Gravesham) comparison goods turnover of £135m. This is despite Gravesend having what could be considered, on balance, a slightly stronger comparison goods offer than Chatham, which, as our performance assessment has identified, suffers from a generally downmarket retail offer. Like Gravesend, Chatham's catchment area is relatively constrained, and even from those zones closest to it (zones 11 and 13), the town centre is not able to draw more than one-third of available comparison goods spending from each zone. Zones 11 and 13 can thus be considered Chatham's 'core catchment area' (see **Figure 8.1**).
- 8.3 Analysis of the household survey results shows that the main destinations which compete with Chatham for expenditure from these zones are Bluewater (16% market share from zone 11, 14% market share from zone 13), Hempstead Valley (7% market share from zone 11, 9% market share from zone 13) Maidstone (5% market share from zone 11, 10% market share from zone 13), and to a lesser extent, Horsted Retail Park. Despite the proximity of zone 12 to Chatham town centre, the centre only draws a 17% market share from this zone, with the retail offer in Gillingham district centre and Gillingham Retail Park accounting for approximately 40% of the market share from residents in zone 12.

Hempstead Valley District Centre

- 8.4 The strongest performing district centre in Medway by some margin is Hempstead Valley, which achieves a turnover of £103m. This is not necessarily a surprise: as a purpose-built district centre offering relatively good-sized retail units, it has been able to attract a strong mix of national retailers, to the extent that for some operators, most notably Marks & Spencer, it is their only full-line branch in the study area. Hempstead Valley draws a 23% market share from its 'local' zone (zone 14), and this market share is evidently at the expense of Chatham town centre, which draws just 10% of the comparison goods market share from zone 14. The catchment of Hempstead Valley is, for the most part, confined to zones

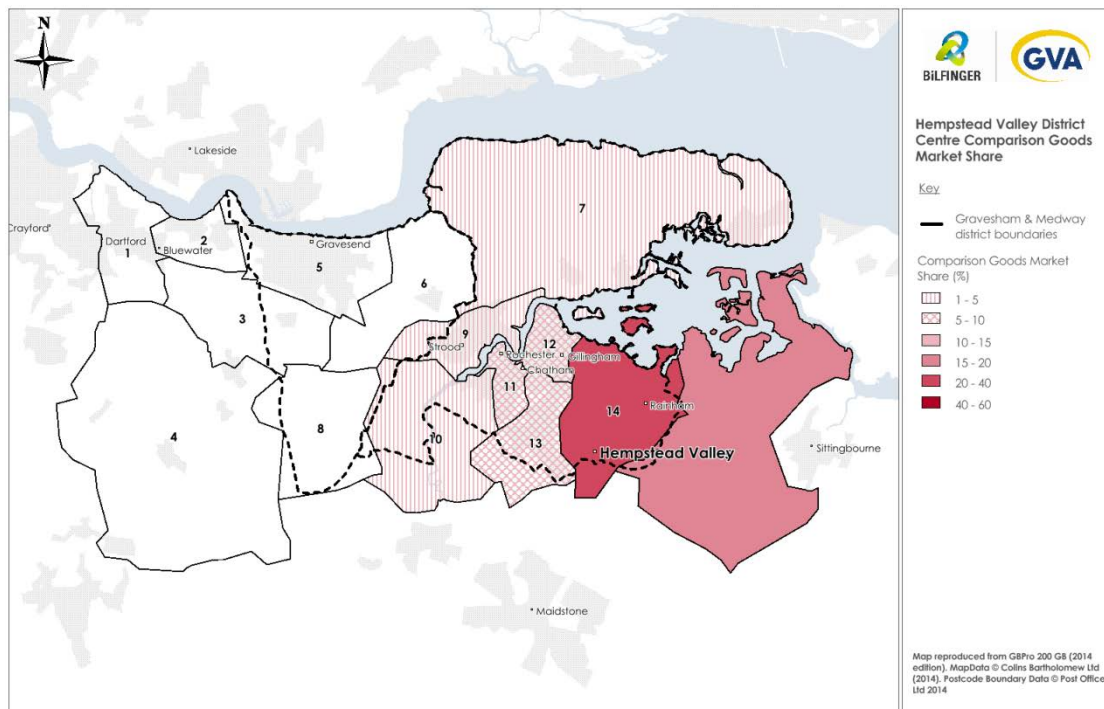
14 and 15 of the survey area; it does not draw a market share of more than 10% from any of the remaining survey area zones (Figure 8.2).

Figure 8.1: Chatham town centre comparison goods market share



Source: household survey results

Figure 8.2: Hempstead Valley district centre comparison goods market share



Source: household survey results

Other district centres in Medway

8.5 In terms of the remaining district centres, we draw the following conclusions in respect of turnover and trade draw:

- **Gillingham** district centre has a surprisingly high turnover (£91m) which we do not consider to be reflective of the fairly limited comparison goods retail provision which is available in the town centre. It is considered likely that much of this turnover can, in fact, be attributed to the nearby Gillingham Retail Park (which itself draws from £44m of spending from the survey area) and adjacent facilities.
- **Rochester** district centre draws a turnover of £28m from the survey area, mostly confined to zones 11 and 14. We would expect the comparison goods shopping facilities in the district centre to receive additional expenditure from 'inflow' from outside the survey area, reflecting the dual role of the centre as a heritage/tourism destination.
- **Strood** and **Rainham** district centres both achieve turnovers in the region of £20m, with Rainham in particular having a highly localised catchment. The Strood Retail Park on the edge of Strood draws a turnover of £56m, far in excess of that of the district centre itself, affirming the importance of securing the integration of this development with the rest of the district centre.

Out-of-centre floorspace

8.6 The main out-of-centre retail floorspace in Medway is at Strood Retail Park (£56m turnover from the survey area, as stated above). As we have previously identified, planning permission has recently been granted for the remodelling of the B&Q unit to provide smaller retail warehouse units, which will trade with open A1 non-food planning consent, as well as a gym. Gillingham Retail Park, located on the A2 between Gillingham and Rainham, draws a further £44m of comparison goods spend from the survey area, although as stated above it is possible that some of the high turnover of Gillingham district centre may be attributable to this retail park. The non-food turnover of the adjacent Tesco Extra store adds a further £13.5m of spending to this destination. Finally, Horsted Retail Park, to the south of Chatham, draws a further £43m of comparison goods spend. Chatham Dockside had a negligible response in the household survey.

Performance analysis

8.7 We have assessed the performance Chatham town centre and the five district centres in Medway by considering the shopping patterns (as identified by the household telephone survey) and the performance of existing comparison goods floorspace within each centre. Using the market shares attributed to each centre from the household telephone survey, and the baseline estimates of expenditure available to the survey area, we have been able to calculate the comparison goods turnover of each of the main centres. As stated previously, this exercise is useful in showing whether a

centre is trading in line with expectations given its role and function in the retail hierarchy, or whether it is 'under-trading' or 'over-trading'.

- 8.8 On aggregate, comparison goods floorspace in Medway is trading at £5,382 per sq m. Table 8.1 sets out the trading performance of each of the town and district centres in Medway (excluding any inflow which is likely to be negligible), in order to help gain a better understanding of how each individual centre is performing.

Table 8.1: Trading performance of town centres in Medway

	Comparison goods turnover from survey area (£m)	Estimated comparison goods floorspace (sq m net)	Turnover per sq m (£)
Chatham	168.3	33,866	4,970
Hempstead Valley	103.0	11,759	8,760
Gillingham	90.6	10,399	8,717
Rochester	28.0	6,072	4,607
Strood	20.2	5,556	3,642
Rainham	19.8	4,612	4,301

Source: Table 5a and 6, Appendix II

- 8.9 Table 8.1 identifies there are considerable differences in the comparison goods trading performance across the network of town and district centres in the survey area. Chatham town centre (in common with Gravesend town centre) achieve a sales density in the region of £5,000 per sq m. As with Gravesend, this is considered an underperformance. In our capacity projections for future comparison goods floorspace, we have adopted a 'baseline' sales density of £6,000 per sq m, which we consider to represent a likely sales density of a robustly-trading centre, albeit at the lowest performance threshold.
- 8.10 Table 8.1 shows that the strongest performing centre in terms of sales density is Hempstead Valley, which achieves a sales density of £8,760 per sq m. This suggests the relatively modern comparison goods floorspace in this purpose-built district centre continues to trade efficiently, and that the national retailers which operate the majority of units in this centre are utilising their space efficiently. It can be seen that Gillingham district centre also appears to be performing well, although, as discussed previously in this report, it is likely that some of the turnover of the district centre can in fact be accounted for by the Retail Park.
- 8.11 The remaining district centres in Medway – Rochester, Strood and Rainham – are generally typified by smaller format, in some cases historic (in the case of Rochester) units which typically trade less efficiently and in this context the sales density performance of these centres is considered to be in line with expectations.

Identification of capacity

8.12 Having undertaken the above assessment of trading performance, we are in a position to establish the quantum of new comparison goods floorspace which Medway Council should plan for. In assessing capacity for future comparison goods floorspace, we have presumed that existing comparison goods floorspace stock across Medway will improve its sales efficiency (i.e. its turnover per sq m, as discussed above) at a rate of 1.65% per annum throughout the study period to 2037. As with our forecasts for Gravesham, we have assumed that new comparison goods floorspace in Medway should achieve sales in the region of £6,000 per sq m. We repeat that it is important to note that forecasts become increasingly open to margins of error over time, and accordingly should be regularly refreshed as part of the Councils' evidence base (certainly beyond 2025). We also advise that the findings should be considered alongside the qualitative discussion of the performance of individual centres previously set out in this report, as identification of low/negligible capacity does not necessarily mean that there is no 'need' for additional floorspace.

8.13 **Table 8.2** shows the 'baseline' comparison goods forecasts for Medway over the period to 2037, having regard to the following 'commitments' for comparison goods floorspace:

- Chatham Docks (3,666 sq m net);
- Brook Street, Chatham (2,700 sq m net);
- Hempstead Valley Shopping Centre (4,461 sq m net);
- Extension to former B&Q, Strood Retail Park (336 sq m net);
- Gillingham Retail Park (mezzanine floorspace) (847 sq m); and
- Rochester Riverside (500 sq m net) (NB: based on unspecified and small scale nature of the proposal at outline permission stage).

Table 8.2: Comparison goods floorspace capacity, Medway

	2020	2025	2028	2031	2037
Experian baseline forecast	-400	14,300	24,300	36,700	61,100
A – Average long term migration	6,100	21,200	31,500	42,300	65,600
B - HP including 2013 and 2014 MYE	6,700	22,300	32,800	44,000	67,900
C - Sectors and London Paramount Indirect Sensitivity 2	5,700	21,000	31,000	41,300	62,200
D - Combination of B and C – This is done as Medway's OAN is based on B and Gravesham's OAN based on C	6,700	22,400	32,900	44,100	68,100
All floorspace sq m net, rounded					

- 8.14 **Table 8.2** shows that under the Experian population forecast, assuming existing commitments as listed above are implemented, there is no capacity for additional comparison goods floorspace in Medway until 2025. However, after this point, there are sizeable capacity requirements which will need to be planned for, amounting to 14,300 sq m net additional comparison goods floorspace in 2025, rising to 61,100 sq m net in 2037. When considering the alternative population scenarios linked to the SHMA, there is a 'need' for an additional 21,000-22,400 sq m net comparison goods floorspace in the Borough by 2025, increasing to 62,200-68,100 sq m net by 2037. As stated previously, however, these longer-term forecasts are subject to greater margins of error and accordingly should be regularly reviewed throughout the study period.
- 8.15 The Councils have asked for advice on the amount of floorspace capacity which would arise in the event that the committed developments listed above do not come forward. Should these developments not progress, this will 'free up' further expenditure capacity to support new retail floorspace, as set out in **Table 8.3**. Under the Experian baseline forecast, the total comparison goods capacity over the period 2015-2037 will increase from 61,100 sq m net (Table 8.2) to 70,500 sq m net. Under the alternative population scenarios taken from the SHMA, the capacity for additional comparison goods floorspace increases to 72,500-78,300 sq m net at 2037. Although again longer term forecasts should be considered indicative and subject to review.

Table 8.3: Comparison goods floorspace capacity, Medway (no commitments)

	2020	2025	2028	2031	2037
Experian baseline forecast	8,500	23,300	33,300	46,100	70,500
A – Average long term migration	16,300	31,500	41,800	52,600	75,900
B - HP including 2013 and 2014 MYE	16,900	32,500	43,100	54,200	78,200
C - Sectors and London Paramount Indirect Sensitivity 2	16,000	31,300	41,200	51,600	72,500
D - Combination of B and C – This is done as Medway's OAN is based on B and Gravesham's OAN based on C	16,900	32,600	43,200	54,300	78,300
All floorspace sq m net, rounded					

Convenience goods capacity forecasts

Shopping patterns

- 8.16 Our assessment has identified that there is £1,012.3m of convenience goods expenditure available to residents of the survey area; as set out previously, a total of £794.5m is collectively retained by centres and stores in Gravesham and Medway, and of this, £457.5m is spent at stores in Medway (in town/district centres or standalone foodstores).
- 8.17 Medway has a large number of foodstores, although many of its town and district centres are not anchored by larger-format supermarkets. As our health check assessments have identified, this is a particular issue in the case of Chatham, which, following the closure of the Tesco store, only has a small Sainsbury's supermarket to anchor its convenience goods offer. The Tesco store was trading at the time of the household telephone survey, and accounted for £14.1m of convenience goods turnover from residents of the survey area. Whilst some of this turnover will have transferred to Sainsbury's, it is reasonable to assume that the deficiencies of this store's offer mean that this spend has now transferred to stores outside Chatham town centre. The household telephone survey identifies the Sainsbury's as having a turnover of £22m, and therefore this store makes an important contribution to the overall turnover of the town centre.
- 8.18 Each of the district centres in Medway includes foodstore representation, with the exception of Rochester. In most cases, one or more foodstores acts as an 'anchor' to the wider offer of the centre, to varying degrees. The Sainsbury's at Hempstead Valley district centre draws the second-highest turnover of any foodstore in the District, with a turnover of £55m from the survey area. At the opposite end of the spectrum, the Budgens store in Gillingham district centre draws a turnover of just £3.5m, whereas the edge-of-centre Aldi store performs significantly stronger, drawing a turnover of £27m. The Aldi store in Strood and the Tesco Metro store in Rainham act as the anchor foodstores in their respective district centres, and draw significant convenience goods turnovers of £18m and £21m.
- 8.19 The in-centre offer is supported by larger-format foodstores in a mixture of edge and out-of-centre locations. The out-of-centre Tesco Extra at Gillingham, out-of-centre Asda at Chatham and the edge-of-centre Morrisons at Strood draw turnovers of £64m, £48m and £46m respectively, and these stores, along with the Sainsbury's at Hempstead Valley, are the highest-turnover foodstores in Medway.
- 8.20 Analysis of the household telephone survey results shows that a handful of stores across Medway account for the majority of residents' 'main' food shopping trips. Of particular note is the performance of the following stores:
- Morrisons in Strood accounts for 29% of main food shopping trips from zone 7, and also 29% from zone 9;
 - Sainsbury's at Hempstead Valley accounts for over a quarter of main food shopping trips from zone 14;

- Asda at Chatham accounts for 35% of main food shopping trips from zone 11, and 22% from zone 13;
- Tesco at Strood accounts for over a quarter of main food shopping trips from zone 9;
- Aldi at Gillingham accounts for over a quarter of main food shopping trips from zone 12.

8.21 Some smaller stores also act as 'main' food shopping destinations; for example, the Sainsbury's in Chatham town centre accounts for 15% of 'main' food shopping trips for residents in zone 11. The findings of the household telephone survey indicate that 'top-up' shopping patterns are more evenly distributed between a wider network of foodstores, including smaller-format convenience stores which assist in meeting provision at the local level. Some of the larger foodstores also play an important role in 'top up' shopping – for example Sainsbury's at Hempstead Valley has a 'top up' shopping market share of 13% from zone 14 – but generally these stores' influence over shopping patterns is less pronounced.

8.22 The findings of the survey also confirm that Medway as a District is a largely self-sufficient convenience goods shopping destination, and there is very limited expenditure leakage. There is a moderate amount of expenditure leakage to Tesco in Larkfield (west of Maidstone) and Asda at Sittingbourne; however generally speaking expenditure loss is limited, suggesting the existing network of foodstores is fit for purpose. The survey was undertaken prior to the Asda store in Gillingham opening in September 2015, which is why it's not identified in this analysis. **Table 8.3** shows the market shares attracted to the most popular food shopping destinations in Medway, based on the household survey results.

Table 8.3: Market shares for 'main' and 'top up' convenience shopping in Medway

	Highest 'main' food market shares	Highest 'top up' market shares
Sainsbury's, Hempstead Valley	Zone 14: 26% Zone 13: 12% Zone 12: 11% Zone 15: 11%	Zone 14: 13%
Asda, Chatham	Zone 11: 35% Zone 13: 22% Zone 10: 10%	Zone 11: 10%
Morrisons, Strood	Zone 7: 29% Zone 9: 29% Zone 11: 15%	Zone 9: 15% Zone 7: 11%
Tesco Extra, Gillingham	Zone 14: 23% Zone 12: 11%	Zone 14: 10%
Aldi, Gillingham	Zone 12: 25%	Zone 12: 23%
Tesco, Strood	Zone 9: 28% Zone 7: 17%	-
Morrisons, Walderslade	Zone 13: 15%	Zone 13: 12%
Sainsbury's, Chatham (Pentagon)	Zone 11: 15%	Zone 11: 12%
Aldi, Strood	Zone 7: 15% Zone 9: 12%	-
Tesco Metro, Rainham	Zone 14: 14%	Zone 14: 11%
Co-Op, Walderslade Road, Chatham	-	Zone 13: 16%

Source: household survey results

Performance analysis

- 8.23 As part of the household telephone survey, residents who visit centres in Medway were asked what the main purpose of their visit was. Analysis of these results shows that, to varying degrees, convenience shopping is an important reason for residents' visiting centres in Medway – although there is considerable fluctuation between centres:
- The importance of convenience goods shopping is most significant in Strood, where 74% of respondents stated the main reason for visiting the centre was for food shopping.
 - Food shopping was the main reason why 59% of users visited Rainham district centre, 52% for Gillingham, and 46% for Hempstead Valley.
 - Food shopping was cited as the main reason by only 19% of visitors to Rochester, and 30% of visitors to Chatham (although Chatham attracts one of the highest percentage scores for non-food shopping)
- 8.24 Chatham town centre has a total convenience goods turnover of £47m, although £14m of this was accounted for by the Tesco store which has now closed. £22m is spent in the Sainsbury's store, £3m in Iceland, and £8m in specialist / independent shops in the town centre. Based on the findings of the household survey, the Tesco store was substantially under-trading at the time of its closure, and at the time of our visit the store was unquestionably being 'wound down'. Previous shoppers of this store had undoubtedly already decided to switch their trade elsewhere and this is likely to have been taken into consideration in the analysis obtained.
- 8.25 The Sainsbury's store in the Pentagon is trading approximately £8m above company average levels and we expect this will have been further exacerbated following closure of Tesco. Specialist convenience retailers in the town centre appear to be performing well, with an aggregate trading performance c. £3m above average level. Convenience goods floorspace, which remains open and trading in Chatham town centre is clearly 'overtrading', a position likely to have been emphasised further following the closure of Tesco and the re-distribution of trade.
- 8.26 Turning to the district centres, Table 6 of Appendix I shows that:
- **Strood district centre** has a convenience goods turnover of £32m, of which £18m is accounted for by the Aldi store, which we estimate to be trading at £9m above company average levels. The Asda store on Strood High Street appears to be underperforming however, recording a turnover £13m below average levels.
 - **Rochester district centre** has no main foodstores, but the specialist convenience goods retailers in the centre would appear to be trading well, at c. £3m above 'benchmark' levels.
 - **Gillingham district centre** has a convenience goods turnover of £28m, with most of this (£21m) accounted for by specialist / independent convenience goods retailers in the centre, which appear collectively to be trading well in excess of 'benchmark' levels. The Budgens store which

anchors the western end of the centre is undertrading by approximately £5m, a possible reflection of the poor quality of this store and its connectivity with the rest of the town centre, as identified in our health check. The Iceland store in the district centre appears to be trading broadly at company average levels.

- The Tesco Metro foodstore which anchors **Rainham district centre** achieves a turnover of £21m, and accounts for the majority of the overall convenience goods turnover of the district centre (£28m). The Tesco store appears to be trading at least double company average levels, and therefore is performing particularly strongly.
- **Hempstead Valley** has a high convenience goods turnover of £61m, most of which is accounted for by the Sainsbury's store (£55m). The store is trading at company average levels. The Marks & Spencer foodhall is trading below average, but this reflects a trend often observed with these stores.

8.27 Out-of-centre convenience goods retail floorspace is trading strongly; with the exception of a Co-Operative store at Walderslade Road, the household telephone survey has identified that all of the major out-of-centre foodstores in Medway are trading at above company average levels. Trading particularly strongly are the Tesco Extra store at Gillingham (+£38m above average), and the Aldi store on the edge of Gillingham district centre (+£18m above average). In Strood the edge-of-centre Tesco and Morrisons stores are both over- trading, by £7m and £13m respectively.

Identification of capacity

8.28 Having undertaken the assessment of trading performance of existing floorspace in Medway, we set out in Table 8.4 the amount of additional convenience goods floorspace which the Council will need to plan for. As with the comparison goods capacity assessment set out previously, we have assumed that existing retail floorspace will improve its sales efficiency over the course of the study period; for convenience goods we assume a sales efficiency growth of 0.3% per annum over the duration of the study period.

8.29 We have assumed that new convenience goods floorspace should achieve a turnover in the region of £12,000 per sq m as an average across the Borough. The floorspace figures set out in Table 8.4 make allowance for the approved Asda store at Gillingham Pier, which is estimated to have a convenience goods sales area of 2,499 sq m and a turnover of £32.9m, as well as the approved Aldi foodstore at Gillingham Retail Park, which is estimated to have a convenience goods sales area of 1,066 sq m and a turnover of £7.9m⁸.

⁸ Planning permission exists for a new supermarket at Medway City Estate (intended to be operated by Sainsbury's), and for an extension to the existing Tesco supermarket on the edge of Strood town centre. However, we understand that neither of these developments will be proceeding and therefore do not factor them into our capacity assessment.

Table 8.4: Convenience goods floorspace capacity, Medway with commitments

	2020	2025	2028	2031	2037
Experian baseline forecast	6,000	8,000	9,200	12,300	13,200
A – Average long term migration	8,400	10,300	11,500	12,700	15,100
B - HP including 2013 and 2014 MYE	8,600	10,700	12,000	13,200	15,700
C - Sectors and London Paramount Indirect Sensitivity 2	8,200	10,200	11,400	12,400	14,100
D - Combination of B and C – This is done as Medway's OAN is based on B and Gravesham's OAN based on C	8,600	10,700	12,000	13,200	15,700
All floorspace sq m net, rounded					

Source: Table 8b, Appendix I

- 8.30 Table 8.4 shows that under the Experian baseline forecast there is a requirement for approximately 6,000 sq m net additional convenience goods floorspace in the Borough over the period to 2020, rising to approximately 13,200 sq m net additional convenience goods floorspace by 2037. When considering the alternative population scenarios linked to the SHMA, there is a 'need' for an additional 10,200-10,700 sq m net convenience goods floorspace in the Borough by 2025, increasing to 14,100-15,700sq m net by 2037.

Table 8.5: Convenience goods floorspace capacity, Medway without commitments

	2020	2025	2028	2031	2037
Experian baseline forecast	9,300	11,300	12,500	15,700	16,500
A – Average long term migration	11,700	13,700	14,900	16,000	18,400
B - HP including 2013 and 2014 MYE	11,900	14,000	15,300	16,500	19,100
C - Sectors and London Paramount Indirect Sensitivity 2	11,600	13,600	14,700	15,700	17,500
D - Combination of B and C – This is done as Medway's OAN is based on B and Gravesham's OAN based on C	11,900	14,000	15,300	16,600	19,100
All floorspace sq m net, rounded					

- 8.31 As with the comparison goods capacity forecasts, convenience capacity forecasts are also provided without the planning commitments listed at Table 7b (Appendix I), in the event that they do not proceed

as planned. These figures are shown in **Table 8.5**, and indicate that the 'need' for additional convenience goods floorspace under the Experian baseline forecast over the period to 2037 increases from 8,000 sq m net (with commitments) to 11,300 sq m net (without commitments) at 2025; and from 13,200 sq m net to 16,500 sq m net at 2037. Under the alternative (highest) population scenarios taken from the SHMA, the capacity for additional convenience goods floorspace increases to 15,700-19,100 sq m net at 2037. Again, figures beyond 2025 should be considered indicative.

- 8.32 Since the above modelling was undertaken of the two 'commitments' listed in Table 7b (Appendix I) for Medway, the Asda store at Gillingham Pier has now commenced trading. Should the commitment for Aldi at Gillingham Retail Park not progress, the overall convenience goods capacity for Medway under the Experian baseline forecast will increase marginally from 6,000 sq m net to 6,600 sq m net at 2020, and from 13,200 sq m net to 13,800 sq m net at 2037.

9. Commercial leisure assessment

- 9.1 Emerging trends suggest that commercial leisure uses are playing an increasingly important role in the vitality and viability of centres. Successful town centres provide an attractive mix of shopping, leisure and entertainment, strengthening both the daytime and evening economies. Due to the changing nature of high-street shopping, in particular the use of town centres for 'showrooming' and 'click and collect' leisure uses can often represent a significant proportion of a town centre's overall turnover as the focus shifts from retailing to alternative uses including housing, offices, education, health, leisure, arts and entertainment.
- 9.2 This section of the report considers the current provision of performance 'health check' assessments of leisure uses through the study area, including patterns of visits to restaurant, café, cinema, entertainment venues and cultural facilities, and identifies any qualitative 'gaps' in the provision of these facilities. The results are informed by qualitative assessments of centres carried out by GVA and the findings of the household telephone survey undertaken in support of this study in March 2015. We also consider the amount of expenditure growth which is expected to come forward on leisure goods over the course of the study period, although this is not translated into a floorspace requirement.
- 9.3 Our health check assessments have identified that Gravesend town centre, and the majority of centres in Medway (with the exception of Rochester and Hempstead Valley) require improvements to many strands of their commercial leisure offer in order to remain vital and viable centres. The findings of the household survey reinforce a number of our health check observations.
- 9.4 As an overview, the key findings from the household survey are as follows:
- Going to the cinema is the most popular leisure activity undertaken by 54% of participants in the study area. The second most popular leisure activity is eating in evening restaurants (46%), followed by visiting a theatre, museum or art gallery (42%) and going to cafes/restaurants during the daytime (39%).
 - 34% of participants stated they got to pubs/clubs and 23% of participants visit health and fitness clubs (i.e. gyms, leisure centres and swimming pools). 22% of participants stated that they visit various entertainments venues such as ten-pin bowling, ice skating and bingo halls, whilst 10% go to children's soft play venues.
 - 15% of survey participants stated they did not partake in any of the leisure activities listed above.

Daytime Cafes/Restaurants

9.5 The results of the household telephone survey identified that:

- Going to daytime cafes/restaurants was a reasonably popular leisure activity for 39% of residents in the survey area. There was some disparity across the zones, with figures ranging from 28% in zone 2 (Swanscombe) to 49% in zone 10 (South Medway).
- Bluewater was the most popular location to go for visiting daytime cafes/restaurants (19%). Due to the range of commercial leisure opportunities available, Bluewater draws a reasonably high proportion of trade from all zones, with zone 2 (46%), zone 8 (43%) and zone 3 (40%) drawing the most.
- Gravesend was the second most popular location for visits to daytime cafes and restaurant (15%) and Chatham was the third (8%). The low figures for both Gravesend and Chatham affirm provision in both of these centres is relatively limited, and is a sector with substantial room for improvement moving forwards.
- The household survey results indicate that Gravesend draws principally from zone 5 (54%), zone 6 (51%) and zone 3 (28%); Chatham draws principally from zones 13 (29%), 11 (25%) and 12 (17%).
- Rochester (8%), Gillingham (6%), Hempstead Valley (5%), Strood (3%), Rainham (3%) all drew a small amount of trade for daytime cafes/restaurants across the survey area, which reflects the more limited offer for this type of leisure service in each of these centres, although we note that Rochester has recently benefited from the opening of a number of new coffee shops. The performance of Rochester should be monitored accordingly. It is recognised that Chatham Dockside Outlet Centre and Medway Valley Leisure Park are retail/leisure destinations and so is Medway Valley. However, these do not feature within the survey results.
- Visiting daytime cafes and restaurants was the main reason for visiting Rochester town centre for 9% of respondents, but the figure for other centres was generally low. For both Chatham and Gravesend, under 1% of respondents stated this as their main reason for visiting the centre. As a secondary reason for visiting a particular centre, daytime cafes/restaurants score more positively: 27% of visitors to Rochester town centre cite this as a secondary reason for visiting the centre, compared to 11% for Chatham and 7% for Gravesend. This confirms that the 'café culture' which is an integral part of the vitality and viability of Rochester district centre, is, for the most part, absent in the higher-order centres of Chatham and Gravesend.

Evening Restaurants

9.6 Going out to evening restaurants was the second most popular leisure activity for participants of the household survey, with 46% of all respondents taking part in this type of leisure activity. Analysis of the survey results highlighted that:

- Percentages of residents undertaking this activity varied considerably across the survey area, within zones ranged between 62% in zone 3 (Southfleet) to 29% in zone 9 (Strood), and as a general trend it would appear that the extent of provision in the immediate locality influences the proportion of residents undertaking this type of activity.
- **Bluewater** was identified as the most popular location that people go to for visiting evening restaurants (22% of visits), and in many cases we expect this would be combined with either other leisure trips (e.g. visiting the cinema) or comparison goods shopping.
- **Rochester** was the second most visited location from across the survey area (12% of visits), and the most popular of destinations within Gravesham and Medway. Rochester attracts a market share of over 30% from two zones – zones 9 and 11 – as well as noteworthy market shares from zone 10 (29%), zone 13 (17%) and zone 14 (11%), plus smaller market shares from the remainder of the survey area. 17% of respondents to the household survey who stated that they visit Rochester said the principal reason for their visit to the centre was for either daytime or evening visits to restaurants/bars; this confirms Rochester as the principal ‘evening economy’ destination of the centres in Medway. With a number of new restaurants opening since the household survey was undertaken, we would expect Rochester to further solidify its position as a popular evening restaurant location.
- **Gravesend** was the third most visited location for going to evening restaurants (11% of visits). Gravesend principally draws evening restaurant visitors from zones 6 (49%), 5 (32%) and 2 (28%). Therefore, from its ‘local’ zone (zone 5), under one-third of residents are currently choosing to visit the town centre for evening restaurants; 44% of residents in zone 5 choose Bluewater in preference to Gravesend town centre. Under 1% of residents who visit Gravesend town centre identified evening restaurants/drinking as the main reason they visited the centre, and under 2% identified it as a secondary reason for visiting. As the highest order centre in the Borough, this clearly demonstrates a shortfall in provision. Notwithstanding the close proximity to Bluewater, there is a clear need for Gravesend town centre to improve its provision of ‘evening economy’ uses and to clawback trade.
- **Gillingham** (5%), **Chatham** (3%), **Rainham** (3%) and **Strood** (1%) were less popular locations for visiting evening restaurants, which correlates with our health check assessments and identifies a potential leisure provision ‘gap’ for these centres. Hempstead Valley did not register with respondents to the survey; however, once the new extension to the shopping centre is complete, we would expect this centre to become a more popular destination for visiting daytime and evening restaurants. Medway Valley Leisure Park and Chatham Dockside Outlet Centre do not feature in the survey results. The use of restaurants in these locations can be linked to the cinema visits, which would be the primary reason as commented on further below.
- **Chatham’s** aggregate figure of 3% is particularly low for a centre of its role and function in the hierarchy of centres in Medway. Chatham principally draws visitors from zones 15 (10%), 11 (10%) and 13 (9%), but these are very low levels of patronage to the centre which unquestionably point to a shortfall in provision especially a quality restaurant offer. The most popular location for residents

who live in zone 11 (which covers Chatham) is **Rochester**, which attracts 35% of all visits. Whilst Chatham and Rochester clearly enjoy a close functional relationship, there are still considerable amounts of market share being lost to destinations further afield including Bluewater (25% market share from zone 11) and Maidstone (19% market share from zone 11), which have potential to be 'clawed back'. For those residents who visit Chatham town centre, no respondents identified evening restaurants / drinking as the main reason they visited the centre, and under 5% identified it as a secondary reason for visiting. Notwithstanding the close proximity to Rochester, there is a clear need for Chatham town centre to improve its provision of 'evening economy' uses.

- The household survey results indicate that **Gillingham** attracts a strong market share from local residents, with a 34% draw from its local zone (zone 12). The results also highlight that Rainham draws a reasonable number of visitors for evening restaurants from zone 14 (21%) and zone 15 (7%), but no significant trade elsewhere.

Cinemas

- Going to the cinema was the most popular leisure activity amongst survey respondents, with 54% stating that it was a leisure activity that they partake in. This was a particularly popular leisure activity for residents across the entire survey area, with results ranging from 73% in zone 5 to 39% in zone 12.
- The most popular location for going to the cinema across the survey area was Showcase Cinemas in Bluewater, accounting for 40% of cinema visits across the study area. The Odeon cinema in Chatham (Dockside Outlet Centre) was the second most visited location (30%), followed by Cineworld in Medway Valley Leisure Park, Strood (18%).
- The household survey results indicate that Showcase Cinemas in Bluewater principally draws visits from zone 1 (96%), zone 2 (88%) zone 3 (86%), zone 8 (83%) and zone 5 (67%). The cinema has much lower draw from zones 9-15, with residents in these zones generally visiting the Odeon in Chatham. This facility principally draws visitors from zones 12 (69%), 14 (68%) 13 (59%) and 15 (59%), but also has a reasonably strong trade draw from the other zones within Medway's borough boundary.
- The Cineworld at Medway Valley Leisure Park in Strood has a relatively strong trade draw from its immediate and adjacent zones, particularly zone 10 (56%), zone 9 (45%) and zone 6 (33%), but a comparatively low trade draw elsewhere. These results highlight that there is clear, well-defined catchment for each of the three most popular cinema locations listed above.
- There is currently no multiplex cinema provision in Gravesham Borough. The survey results highlight a 'need' for a cinema facility, as 67% of residents in zone 5 (which covers Gravesend) are currently travelling to the Showcase Cinema in Bluewater, with only a small proportion (6%) visiting the Woodville in Gravesend. The Woodville in Gravesend only provides a relatively limited programme of film screenings. The provision of a new cinema development in Gravesend town centre would, it is considered, be beneficial, and would provide the opportunity for the Woodville to continue to

provide a complementary but different programming offer whilst reinforcing the commercial leisure offer in the Borough.

Theatres, Museums and Art Galleries

- Visiting theatres, museums or art galleries was cited as the third most popular leisure activity for participants of the household telephone survey, as 42% of respondents stated that they took part in at least one of these cultural activities.
- As expected, the location most visited for going to the theatre, museum or art gallery was London West End (64%), a reflection of both the extensive, world-class offer which central London can boast in respect of this type of facility, and also the ease of access to central London which much of the survey area benefits from.
- Following the West End, the second most cited location was the Orchard Theatre in Dartford (11%) followed by the Central Theatre in Chatham (6%). However, the Central Theatre in Chatham appears to only have a strong localised catchment, with the majority of market share coming from zone 14 (23%), zone 11 (14%) and zone 9 (12%).
- The Woodville in Gravesend attracts a very limited market share of 2% from the survey area, but does account for 10% of cinema trips in zone 2, and 7% of trips from residents in zone 8.

Entertainment Venues

9.7 For the purposes of this study, the term ‘entertainment venues’ has been used to encompass a range of leisure activities including ten-pin bowling, bingo and ice-skating. The results of the household telephone survey identified that:

- This type of leisure activity is far less popular amongst residents in the survey area: only 22% of all survey participants stated that they took part in at least one of the ‘entertainment venue’ activities. Visiting entertainment venues was most popular in zones 5 (44%) and 6 (43%) and least popular in zone 14 (11%). The most popular entertainment destination for survey respondents was AMF Bowling in Gravesend (48%), followed by Hollywood Bowl in Medway (17%) and FA Bowling in Chatham (7%) – all of which are locations within the study area.
- The household survey results indicate that AMF Bowling in Gravesend draws a high number of visits from zones 1-8, but very little from zones 10-15. Of particular note is AMF Bowling’s trade draw from zones 3 (100%), 5 (90%) and 2 (84%). Hollywood Bowl at the Medway Leisure Park principally draws trade from zone 9 and 10 (50% and 51% respectively), but also 43% from zone 13, 38.6% from zone 14 and 26% from zone 7. Silver Blades Ice Rink in Gillingham draws a very low overall trade across the survey area (1%), with the principle draw from zone 15 (8%).

9.8 Overall, we consider the current level of entertainment venue provision within the study area to be adequate, with no obvious gaps in provision.

Health and Fitness Facilities

- 9.9 The household survey results highlighted that 23% of participants use health and fitness clubs (i.e. gyms, leisure centres, swimming pools, tennis courts etc.), with very little discrepancy across the zones in terms of popularity of using such facilities. It is important to note that it is likely that many survey respondents use specialist classes, small independent classes and personal trainers which would not be accounted for in the household survey. There are a number of gyms and fitness facilities located across the two authority areas, both in town centre locations and in other busy areas, such as business parks. **Table 9.1** highlights the most visited locations by participants in the study area, although this does not represent an exhaustive list of all facilities available to residents in the survey area.

Table 9.1: Most popular health and fitness facilities in survey area

Venue/Location	Usage by Household Survey Respondents (%)
Medway Park, Gillingham	14%
Cygnets Leisure Centre, Gravesend	10%
Cascade Leisure Centre, Gravesend	9%
Strood Leisure Centre, Rochester	6%
The Park Club, Chatham	4%
Roko Health Club, Gillingham	3%
Splashes Leisure Pool, Rainham	3%

Source: household survey results

- 9.10 We are aware that planning permission has recently been granted for a new budget gym facility as part of the redevelopment of Strood Retail Park. This facility will improve provision for local residents which, as Table 9.1 shows, is currently limited to the Strood Leisure Centre to the west of Strood district centre. Budget gym operators are increasing representation in smaller centres and it is possible that further provision of this nature could be accommodated in the Borough. We understand that a further budget gym facility has recently commenced trading at Chatham Dockside.
- 9.11 Our overall conclusions and recommendations for the leisure sector are set out in detail in Section 10.

Expenditure growth in the commercial leisure sector

- 9.12 By applying the Experian population projections we have adopted for our retail capacity forecasts to the latest per capita expenditure data on leisure spending, we can obtain an indication of the likely growth in leisure spending available to residents of the survey area. Whilst not all of this available expenditure can, by default, be used to support the development of new commercial leisure facilities in the survey area – particularly because leisure spending is often undertaken with holidays, day trips, special occasions and so on and therefore may in part be spent outside the survey area – it does provide an indication of the scope for additional development to be supported, thus supporting our qualitative observations in respect of the performance of the centres set out above.

- 9.13 SHMA population scenario testing has not been incorporated into leisure need on the basis that the model does not translate expenditure into floorspace. A high level, broad brush overview of leisure expenditure growth provides an indicative of the scale of growth to be expected in this sector.
- 9.14 Experian provide per capita leisure expenditure data on the following categories of commercial leisure spending:
- **‘Cultural services’** – this includes spending on cinema, theatre, museums, live music/entertainment, nightclubs, bingo, and TV subscriptions such as Netflix. Spending on this type of leisure service ranges from £264 per person, per annum (zone 12) to £427 per person, per annum (zone 8)
 - **‘Recreation and sporting services’** – this includes spending on admission to spectator sports (e.g. watching football matches) and subscriptions to sports/social clubs. Spending on this type of leisure service ranges from £93 per person, per annum (zone 12) to £215 per person, per annum (zone 8).
 - **‘Restaurants and cafes’** – this includes spending in both restaurants and cafes, and also includes spending on ‘alcoholic drinks consumed outside the home’ (i.e. in pubs and bars) and on take-aways. Spending on this type of leisure service accounts for the majority of residents’ commercial leisure spend, ranging from £826 per annum (zone 12) to £1,411 per annum (zone 8).
- 9.15 Experian advise that spending on commercial leisure services will increase by 1.3% per annum over the period 2015-37. By applying the average zonal per capita spend on the different types of commercial leisure activity to Experian’s population projections for the survey area (see Table 1, Appendix I), the total ‘pot’ of commercial leisure expenditure available to residents of the survey area can be calculated. The results of this exercise are summarised in Table 9.2, which splits expenditure growth in the commercial leisure sector between those zones which fall within Gravesham (zones 3, 5, 6 and 8) and those in Medway (zones 7 and 9-14 inclusive).

Table 9.2: Growth in commercial leisure spending in survey area, 2015-37

	2015 (£m)	2020 (£m)	2025 (£m)	2028 (£m)	2031 (£m)	2037 (£m)	Change, 2015-37 (£m)
Gravesham Borough (zones 3,5, 6 and 8)							
Cultural services	37.7	41.9	46.6	49.4	52.5	59.1	+21.4
Recreation & sporting services	15.6	17.3	19.2	20.4	21.7	24.4	+8.9
Restaurants & cafes	120.3	133.9	148.7	157.9	167.6	188.7	+47.3
Total commercial leisure spend	173.6	193.2	214.5	227.8	241.8	272.2	+77.6

Medway (zones 7, 9, 10, 11, 12, 13 and 14)							
Cultural services	87.5	97.6	108.7	115.6	122.5	138.6	+51.2
Recreation & sporting services	34.8	38.8	43.2	46.0	48.9	55.1	+20.4
Restaurants & cafes	282.7	315.6	351.2	373.6	397.1	448.2	+114.4
Total commercial leisure spend	405.0	452.1	503.1	535.1	568.8	642.0	+237.0

Source: Experian Micromarketer

9.16 Table 9.2 shows that:

- total spending on commercial leisure is expected to increase by £77.6m in Gravesham and £237.0m in Medway between 2015 and 2037.
- 70% of this expenditure growth will be in the 'restaurants and cafes' sector (£47.3m growth in Gravesham, £114.4m in Medway) and therefore there is considerable scope for the existing network of centres in the survey area to capitalise on this growth in spending.
- Growth in cultural services is more limited, and much of this may be captured by destinations outside the survey area, but nevertheless the scale of expenditure growth is such that is considered additional smaller-scale facilities (for example an independent/boutique cinema in Gravesend town centre) could potentially be supported.

10. Conclusions and recommendations

- 10.1 The principal objective of this study is to provide Gravesham and Medway Councils with up-to-date evidence that will support the Councils' Local Plan preparations, in accordance with the National Planning Policy Framework (NPPF). The information contained within this report will also be able to be used by the Councils' in the future determination of planning applications for retail and commercial leisure floorspace.
- 10.2 In this section, we bring together the analysis undertaken in the previous sections of the report and set out our conclusions and key recommendations. Firstly, we summarise the objectives of the National Planning Policy Framework, and highlight the key national trends which we expect will directly impact upon retail and town centre development across both authorities' areas, and summarise the sub-regional shopping provision which influences local patterns of shopping across both authorities' areas. In order to inform each authority's separate Local Plan preparation, we then set our separate conclusions and recommendations for each authority, considering key local policy objectives, the performance of the town and district centres in each authority area, and set out key recommendations which will underpin policy formulation and development control decisions.

National Policy Framework

- 10.3 The National Planning Policy Framework (NPPF) was introduced by Government in March 2012 and replaces the suite of national planning policy statements, including PPS4. The NPPF maintains the general thrust of PPS4 and advocates a 'town centres first' approach. It requires planning policies to positively promote competitive town centre environments and manage the growth of centres over the plan period. It also requires local planning authorities to define the extent of the town centres and primary shopping areas, based on a clear definition of primary and secondary frontages.

National market trends

- 10.4 The 'traditional' high street continues to face a number of challenges stemming from the impacts of the recent economic downturn, the tightening of retail spending in recent years, and continued significant changes in consumer shopping behaviour. The growth in online shopping, including multi-channel retailing, acts as tough competition for the high street, but also presents an opportunity for the high street to capitalise on, including the opportunities arising from services like 'click & collect' and retailers moving towards a seamless transition between store-based and virtual shopping experiences.
- 10.5 Regional shopping centres and out-of-centre retailing remain an ever-present source of competition, and market evidence suggests that many regional shopping centres and retail parks have performed well during the economic downturn, and are becoming increasingly attractive to 'high street' retailers. Portfolio aspiration is generally to increase footfall through a greater product offer and mix of uses to encourage footfall and longer dwell times.

- 10.6 Town centre strategies which support the continued evolution of the high street are therefore considered ever more vital. This may involve providing a high quality shopping 'experience', maximising the benefits of tourist trade, and improving the mix of retail and non-retail outlets to increase length of stay and spend.
- 10.7 It will be important, therefore, for town centres to be well positioned to be able to adapt to on-going changes in the retail and leisure sector over the development plan period and to reaffirm their unique selling points which both cement and enhance their position in the local retail hierarchy, but also differentiate their retail offer from other centres, allowing them to retain and enhance their vitality and viability whilst not directly competing with higher order centres. Heritage, tourism assets and other 'unique selling points' should be capitalised on, and robust place marketing strategies put in place.

Sub-Regional Context

- 10.8 Based on the findings of the household telephone survey undertaken in support of this study, it can be seen that there are a number of destinations which compete with centres in Gravesham and Medway survey area for comparison goods spending. The most significant of these by some margin is Bluewater, which accounts for upwards of 25% of comparison goods spending from across the survey area, equivalent to £404m of spend – equivalent to the combined comparison goods turnover of Gravesend, Chatham and Hempstead Valley – the three centres in the survey area with the highest comparison goods turnover.
- 10.9 Bluewater's particularly strong mix of retail and leisure operators, and its relative ease of access from many parts of the study area means that, when allied to many operators' preference for having fewer (but larger) stores in high profile retail locations, it is difficult for the centres in Gravesham and Medway to be in a position to directly compete with the offer at Bluewater. Many retailers' operator requirements for the north Kent area are likely to be satisfied by representation at Bluewater. The effect of having Bluewater so close to the centres in Gravesham and Medway is that it heavily curtails the 'natural' catchment area of the two highest order centres – Gravesend and Chatham – compared to what would typically be expected for centres in their position in the retail hierarchy. It should be recognised, however, that improvements in these town centres could have the ability to claw back lost trade to destinations such as Bluewater/Lakeside, and this should remain an aspiration for each authority.
- 10.10 In order to secure their long-term vitality and viability, a strategy which seeks to reinforce and diversify the existing retail offer, coupled with the promotion of each centres' respective unique selling points, is required, particularly given that Bluewater is expected to further strengthen and develop its retail and commercial leisure offer going forward. We return to discuss this further below. Bluewater is not the only destination which competes with the Gravesham and Medway centres for expenditure. Some residents in Gravesham also look towards shopping facilities at Lakeside which has policy support for major retail expansion and an evolution into a regional town centre. This position followed the Single Issue Review of the East of England Plan and is now embedded in the update of the Thurrock Local Plan Core Strategy (2015).

- 10.11 The influence of destinations outside of Gravesham and Medway – and particularly those listed above – need to be carefully monitored and reviewed by both Councils. As we have set out in this report, there is extant planning permission for 30,500 sq m net additional A1-A5 floorspace at Bluewater; whilst the exact composition of this is not known, it is reasonable to assume that will include additional comparison goods retail provision. The significant investment planned at Ebbsfleet may also represent further competition on future demand for town centre floorspace elsewhere in the survey area – and particularly in Gravesham, although it is not expected that Ebbsfleet will become a new ‘destination’ for shopping and current proposals suggest new retail floorspace will serve local needs only. Whilst the proposals for Ebbsfleet include the development of 15,000 new dwellings and therefore much of the need will be ‘self-generated’, it is possible that the development will draw some trade from existing centres.

Gravesham Borough – Conclusions & Recommendations

Local policy context

- 10.12 The Council’s Local Plan Core Strategy was adopted in 2014 and thus provides an up-to-date policy basis on which future development in the Borough can be guided. Of relevance in relation to this study is the identification of a large area within Gravesend town centre as the ‘Gravesend Town Centre Opportunity Area’. Policy CS05 states that this area will be the principle focus for town centre related economic and social activity in the Borough. As part of this, development of the Heritage Quarter will provide a high quality, mixed use development of around 330 dwellings, around 10,500 sq m gross of primarily comparison retail floorspace (Class A1), some office floorspace (Class B1a) and a hotel. The Core Strategy also states that the Heritage Quarter Key Site is the Council’s sequentially preferred location for new larger scale retail provision.

Summary of findings

- 10.13 At present our quantitative analysis demonstrates that there is no requirement for the Council to plan for additional comparison goods floorspace in Gravesend town centre until after 2020. This conclusion is based on the assumption that the consented schemes which include an element of class A1 retail floorspace, most significantly the planned developments at the Heritage Quarter in Gravesend town centre come forward as planned. If such developments do not proceed, there will be greater capacity for additional comparison goods retail floorspace in the Borough in the short to medium term.
- 10.14 Our analysis has demonstrated that there is surplus expenditure capacity to support 16,600–17,600 sq m net additional comparison goods floorspace by 2037. We do not recommend the Council plan for this level of ‘need’. Given inevitable change in the future passage of time, continued economic uncertainty and expected evolution and change to housing numbers, we recommend – over the course of the plan period – that the Council plan for need arising in the medium term to 2028 under the baseline Experian

forecast; this equates to the delivery of around 4,700 sq m net of comparison goods floorspace over the full plan period.

- 10.15 This approach will help safeguard the vitality and viability of the town centre network, supports the redevelopment of existing floorspace, and enables growth and change to come forward on identified sites within town centres. This policy decision, grounded in wider socio-economic trends, will ensure a continued 'town centres first' approach in accordance with government policy aspirations. Development proposals outside of the Primary Shopping Area, above this level of need will be subject to an impact assessment giving due consideration to the extent of implementation of the different SHMA scenarios at that relevant 'point in time'.
- 10.16 These figures are based on a 'constant market share' approach, i.e. assuming that current shopping patterns remain unchanged over the remainder of the study period. These 'need' figures therefore represent the baseline position; it would be possible to increase market share through new development of an appropriate scale and composition, which would in turn support floorspace in excess of the need thresholds identified here. Any such proposal would need to demonstrate compliance with the national, regional and local policy framework.
- 10.17 Our analysis has set out that Gravesend town centre has a 'core catchment area' of zones 5 and 6 of the survey area, from where it draws the highest amount of comparison goods spend. However, from these zones, the total market share drawn from these zones does not exceed 30%, which indicates that even from its 'local' zones; Gravesend is not currently fulfilling many residents' comparison goods shopping needs. There is, therefore, a need to improve the range and quality of comparison goods provision in the town centre in order to counter the competition from Bluewater (and elsewhere) as best as is possible. In particular, an improved supply of larger floorplate units with which to attract higher quality operators to 'flagship' units. This will be challenging given proximity to Bluewater, but should remain an aspiration given Gravesend's position in the retail hierarchy.
- 10.18 It is considered the loss of further 'anchor' department stores from the town centre would undermine the long-term vitality and viability of the town centre, and whilst ultimately such decisions are commercial ones taken by operators, the Council can play a role in helping to create conditions for a vital and viable town centre which will draw in greater footfall and 'claw back' expenditure to the town centre, and thereby improve the turnover of stores in the town centre.
- 10.19 Our assessments have identified a number of issues which threaten to undermine the long-term vitality and viability of the centre if not addressed. There is evidence that, in recent years allied to the changing market trends and on-going popularity of Bluewater the quality of the retail offer in Gravesend has moved downmarket, with the recent loss of Marks & Spencer and BHS further exacerbating this. A priority for the town centre is therefore to stem this movement and to retain and ideally enhance its market share. This can be achieved in a number ways, including making provision for more modern as well as larger retail units within the town centre.

- 10.20 The Heritage Quarter development presents an important opportunity for many of the other areas of concern in respect of Gravesend town centre which our assessment has identified to be addressed. In particular, the development will, if implemented, introduce the modern and larger-floorplate units into the town centre which will attract retailers to the centre. The redevelopment of the St George's Shopping Centre, which our assessment has identified as having a particularly high vacancy rate, would also assist. The Heritage Quarter will also meet one of the other key shortfalls in the current offer of Gravesend town centre, namely a lack of commercial leisure provision i.e. cafe/family dining restaurants.
- 10.21 A healthy provision of these type of uses are becoming increasingly important in contributing to a diverse and healthy town centre because of the additional footfall and dwell-time they generate both within and outside of retail trading hours. Finally, the development is also expected to introduce a substantial residential community into the town centre, who will utilise existing retail and other facilities. It is considered that the development of the Heritage Quarter is critically important in securing the long-term vitality and viability of Gravesend town centre, including through the delivery of larger floorplate units. The Heritage Quarter may also provide the catalyst needed to kick-start the wider regeneration of the centre and encourage owners and occupiers to invest further in their stores and improve the attractiveness of the centre as a whole.
- 10.22 Gravesham has important heritage assets and other attractive and/or important attributes for example, the River Thames, the market and the civic facilities which assist in giving the centre its own identity. However, it is clear that many of these are not being effectively capitalised upon, and this forms a major opportunity which should be utilised to strengthen and enhance the town centre.

Recommendations

- 10.23 With the above conclusions on the performance of the town centre in mind, we make the following key recommendations for Gravesham Borough:
- Comparison goods floorspace should be directed to Gravesend Town Centre in the first instance. Further expansion of out-of-centre floorspace should be resisted including at Bluewater.
 - We consider that whilst there is a qualitative need for Gravesend town centre to increase its market share over the plan period, this will be limited in light of the competition from Bluewater. The Council should monitor closely planned developments at Bluewater, and work alongside Dartford Borough Council to ensure that any additional development which comes forward will be appropriate to Bluewater's role and function as a regional shopping centre, and will not result in a significant adverse impact arising on nearby centres such as Gravesend.
 - Implementation of proposals for the Gravesend Town Centre Opportunity Area, and in particular the redevelopment of the Heritage Quarter in Gravesend town centre should be considered a strategic priority. The implementation of these proposals will assist in meeting a number of the current qualitative deficiencies in the town centre offer, including a lack of modern comparison

goods floorspace, a lack of commercial leisure opportunities, and a limited residential community. The wider strategic objectives of the Heritage Quarter – to remove the disconnect between the town centre and its historic waterfront – are extremely important in securing the long-term vitality and viability of the town centre.

- There is a need for Gravesend town centre to develop its own identity and position itself as being able to offer a different experience to Bluewater – rather than one which tries to compete directly with it. The Heritage Quarter development should form the catalyst for further regeneration of the town centre and also be supported with a detailed place marketing strategy highlighting the assets of the town centre and the improvements taking place.
- There is a need for the Council to plan for up to 4,400 sq m net convenience goods floorspace over the plan period (the baseline Experian growth scenario), in order to meet the need arising in the medium term to 2028. Forecasts beyond this timescale, to 2035/2037, are unreliable and should be treated with caution and not planned for.
- These figures are based on the assumption that a foodstore will come forward as part of the Heritage Quarter development. If this does not transpire, the ‘need’ for additional convenience goods floorspace will be higher. If a foodstore does not come forward in the Heritage Quarter, the Council should investigate opportunities to meet some of this need through the provision of additional convenience goods retail facilities in Gravesend town centre, to address the fact that in-centre provision is currently limited to a small-format Tesco store, and the main edge-of-centre foodstore (Asda at Imperial Retail Park) is over-trading. A town centres first approach should be adhered to in accordance with national policy.
- Applications for development of convenience goods floorspace elsewhere in the Borough not within a policy-defined centre should be justified through the sequential approach and only supported in instances where it will improve accessibility to shopping provision and generate sustainable shopping patterns.
- In the short to medium term, there is scope for improvements to the western end of the town centre, and in particular the stretch of frontage between the entrance to the Asda store at Overcliffe, and the intersections with Bath Street / Garrick Street. Much of the retail stock in this area is of poor quality – a multitude of architectural styles, poor quality shopfronts, and a low grade retail offer. Enhancement of this area would help encourage the extension of footfall beyond the Tesco Metro store; the greater pedestrian activity will encourage a higher grade of retail use; and will also encourage linked trips between the edge-of-centre Asda store and the wider town centre offer. Improvements are particularly required to public realm (directional signage, paving, enhanced planting), providing better pedestrian priority, and improving the physical appearance of the shopfronts.
- The eastern end of the town centre, in particular the Clock Tower and adjacent environs, are struggling for vitality and viability, although we recognise it also plays a role as a location for ethnic food retailing in the centre. Allied to the recommendations above, it is considered that a

programme of consolidation of 'town centre' uses is undertaken in this part of the town centre. Accordingly, beyond the end of the existing secondary shopping frontage (junction of Milton Road / Berkeley Road), the Council may wish to consider a more flexible, mixed-use approach, whilst retaining a commercial offer at ground floor level. Investment in the public realm and facades should also be prioritised. Harmer Street in particular is one of the most architecturally significant streets in the town centre, but currently gives off a poor appearance due to a number of retail units on the ground floor being in a poor state of repair. The Council should give consideration to encouraging the relocation of the remaining retail operations along Harmer Street to elsewhere in the town centre, and develop an alternative vision for Harmer Street which is not based on it having a retail function.

- Support should be given to applications which seek to reconfigure and modernise existing floorspace within the primary shopping area in Gravesend town centre, in order to provide larger-format comparison goods floorspace better suited to the needs of modern retailers. Applications for sub-division of existing retail units within the primary shopping area should be resisted, but should be considered on individual merits elsewhere in the town centre where proposals would enhance the diversity of town centre uses.
- The existing Local Plan-defined primary and secondary shopping frontages are generally considered to remain fit for purpose and we do not recommend any significant revisions to these. However, we make the following recommendations in respect of the primary and secondary frontages in the centre:
 - It is considered important for New Road and St George's Square to remain as primary shopping frontage in order for the benefits arising from the development of the Heritage Quarter to be fully realised by the existing town centre.
 - In light of our recommendations above in respect of improving linkages between the western end of the town centre and the Asda store at Imperial Retail Park, the Council may wish to consider allocating the stretch of frontage on the north side of New Road, between the Iceland store and the intersection of Bath Street / New Road, as secondary shopping frontage.
 - Following completion of the Community Square to the front of Gravesham Civic Centre, there may be a case for extending secondary shopping frontage along the duration of Windmill Street, up to the junction with Lord Street, in order to protect and encourage integration of the civic facilities with the wider town centre offer.
 - In light of our recommendations in respect of the eastern end of the town centre, we do not consider there to be merit in any extensions of existing secondary shopping frontage in this part of the town centre.
- It is important for the primary shopping area to retain a critical mass of retailing activity, to help ensure strong levels of footfall and complement the diversification of uses in secondary areas of the town centre. Applications for change of use away from class A1 use within the primary shopping

area should therefore be resisted. The Council may wish to consider the use of Article 4 Directions as a means of ensuring this.

- The household telephone survey has identified that Imperial Retail Park, on the edge of Gravesend town centre, performs strongly, and draws a turnover of £53m from the survey area, equivalent to 40% of the turnover of the town centre (£135m). The retail park has a number of open A1 food and non-food retailers trading, including a Lidl foodstore. As set out above, the Council should examine the scope to enhance linkages between the Asda store and the primary shopping area. By the same token, further expansion of the Imperial Retail Park is only appropriate for 'bulky goods' uses; applications for development of open A1 (food or non-food) floorspace either through the creation of new units or variations of conditions to existing units should be resisted, in order to protect the vitality and viability of the town centre. Applications for development of non-bulky class A1 retail elsewhere in the Borough not within a policy-defined centre should be resisted for the same reasons. There is no policy argument for incorporating the Asda store or Imperial Retail Park within the policy boundary of Gravesend town centre.
- The Council should carefully monitor the influence of Bluewater over shopping patterns of residents in the Borough. There is no doubt that Bluewater is a direct competitor with Gravesend for comparison goods expenditure, and further expansion of the retail offer in this location could result in the loss of key retailers from Gravesend town centre. Proposals for further expansion of retail and commercial leisure at Bluewater, as well as other competing facilities such as Lakeside, therefore need to be actively monitored and engaged with, in order to protect the vitality and viability of Gravesend town centre.
- It is not expected that development at Ebbsfleet will pose a significant threat to the vitality and viability of Gravesend town centre, based on the quantum of floorspace currently proposed, although any changes to the amount of proposed floorspace which may result in a change in its role and function (i.e. away from being one which is seeking to principally meet the needs of the new residential community) will need to be carefully considered.

Medway – Conclusions & Recommendations

- 10.24 Our analysis has demonstrated there is a need for Medway Council to positively plan for the provision of new comparison goods floorspace in Medway. There is a requirement for 14,300-22,400 sq m net additional comparison goods floorspace by 2025, rising to 61,100-68,100 sq m net by 2037. The above forecasts are based on the assumption that the 'commitments' for new retail floorspace we have modelled into our assessment – which include a site in Chatham town centre, and new floorspace in Hempstead Valley – come forward as planned. It is important that needs are regularly assessed throughout the study period.
- 10.25 Given inevitable change in the future passage of time, continued economic uncertainty and expected evolution and change to housing numbers, we recommend – over the course of the plan period – that

the Council plan for need arising in the period to 2028 under the baseline Experian forecast; this equates to the delivery of around 24,300 sq m net of comparison goods floorspace over the full plan period.

- 10.26 This approach will help safeguard the vitality and viability of the town centre network, supports the redevelopment of existing floorspace, and enables growth and change to come forward on identified sites within town centres. This policy decision, grounded in wider socio-economic trends, will ensure a continued 'town centres first' approach in accordance with government policy aspirations. Development proposals outside of the Primary Shopping Area, above this level of need will be subject to an impact assessment giving due consideration to the extent of implementation of the different SHMA scenarios at that relevant 'point in time'.
- 10.27 The Council will also need to positively plan for the provision of additional convenience goods floorspace. 'Need' arising equates to 6,000-8,600 sq m net additional convenience goods floorspace by 2020, rising to 13,200-15,700 sq m net by 2037. These forecasts take into account 'commitments' for new convenience retail floorspace operated by Asda at Gillingham Pier (which has recently commenced trading, subsequent to completion of the household telephone survey) and Aldi at Gillingham Retail Park. Again, these capacity forecasts are based on a 'constant market share' approach and we consider that there is limited scope for Medway to increase its market share given the current strong levels of foodstore provision in the District.
- 10.28 Like comparison goods, we would caution against planning for forecasts over such a long time-period, and recommend the Council plans for need arising in the medium term to 2028, i.e. up to 9,200 sq m net under the baseline Experian growth scenario over the full plan period. Again, this figure should be kept under review and updated regularly.
- 10.29 Our assessment has set out that whilst most of the centres in Medway are performing adequately, a combination of issues provides insight into some of the vulnerabilities inclusive of the lower value retailer representation, vacancies, threats from proposals outside the centres and environmental appearance. There is a need for investment and improvement in the offer of retail and other town centre uses if the centres are to remain vital and viable over the Plan period, although it is acknowledged that funding constraints may present a challenge to delivering all of the recommendations set out below.
- 10.30 **Chatham town centre**, as the highest order centre in Medway, is underperforming, as evidenced by the fact that it does not draw more than one-third of the available comparison goods spending from any of the survey zones, and has a very limited trade draw from beyond its immediate catchment area (zones 11 and 13). The centre's role and function is compromised further by the lack of a modern foodstore, and by a very limited evening economy offer. It is questionable therefore whether Chatham is fulfilling its role as the highest order centre in Medway adequately.
- 10.31 There are clear opportunities for delivering improvements to the retail and town centre offer in Chatham town centre – and if these opportunities come forward, there is every potential for Chatham to reinforce itself as a vital and viable centre. The development briefs produced for Chatham town centre identify a

number of opportunities in the town centre which could accommodate additional comparison goods retail floorspace, and the key to their realisation will be to stimulate and facilitate operator demand/representation. There are clear opportunities to accommodate new development and redevelopment in Chatham town centre, and these should be protected and promoted over the plan period through pro-active planning and the resistance of out-of-centre competition.

- 10.32 The Council's aspirations to direct the majority of their town centre population growth to Chatham town centre (along with Strood) are supported, as this has potential to increase footfall and patronage to existing and new facilities in the town centre. We also understand that there is scope for student accommodation to be provided. However, the offer of the centre will need to be strengthened in order to meet the needs of these new residential communities, otherwise current problems in respect of expenditure leakage are likely to be exacerbated. The combination of investment in town centre living, comparison goods floorspace implementation, and a mix of wider town centre retail and leisure uses, has the potential to underpin a more position future for Chatham town centre as the hierarchies highest order centre. Comparison goods retail floorspace and the retention of anchor tenants and new operators is priority however, to reinforcing the role of a higher order town centre and should remain the priority.
- 10.33 Elsewhere in Medway, **Hempstead Valley** is a strong performing district centre, with a comparison goods turnover of c. £150m, which represents an exceptionally strong performance for a district centre. The reasons for this are clear: there is a good retail mix, strong representation from national multiple retailers, and free car parking. The centre's appeal will be enhanced further through the implementation of proposals for an enhanced commercial leisure offer, and new comparison goods floorspace created through the redevelopment of the centre's existing food court. It would appear that Hempstead Valley is, over Chatham, potentially becoming the preferred destination for retailers seeking representation in Medway, which heightens the need for improvements to Chatham town centre to come forward. The centre also acts as an important convenience goods shopping destination, with the Sainsbury's foodstore drawing a turnover of £55m, the second-highest of any location in Medway.
- 10.34 **Rochester district centre** is an important asset for Medway, and performs strongly as a tourism, specialist comparison goods shopping, and evening drinking/dining location. The castle and cathedral frame the historic appeal of the centre. There is a need for enhanced convenience goods provision and an opportunity site on which this can be accommodated.
- 10.35 **Strood district centre** appears to be struggling for vitality and viability to a greater extent than the other district centres in Medway at present. The centre has a particularly important convenience goods function, which the vitality and viability of the centre fundamentally relies upon. A threat to its convenience retail function could have significant adverse impacts on its health. It has three foodstores within the defined boundary of the district centre and a further two strong-performing foodstores, operated by Morrisons and Tesco, on the edge of the district centre. The Morrisons store in particular is a modern, well-supported foodstore, attracting the highest convenience goods turnover of any foodstore

in Medway. Planning permission has also been granted for the redevelopment of one of the two terraces of units at Strood Retail Park, which also is located on the edge of the district centre. These works will, if implemented, introduce a broader range of retailers into Strood – the approved development is for open class A1 non-food floorspace – and therefore it is important for the district centre to capitalise on this.

10.36 **Gillingham district centre** appears, based on the household telephone survey results, to be performing well, recording an above average comparison goods sales density. However, we hold the view that the household survey results potentially over-state the comparison goods turnover of the district centre, and under-report the turnover of the nearby Gillingham Retail Park. Our health check assessment of the centre found it to be 'getting by' perfectly adequately by servicing local needs. The household survey results confirmed the representation of much of the same type of offer on the high street and the need for a more diversity to improve the offer and the attractiveness of the centre. Gillingham District Centre has the potential to support a wider target audience (students) if the offer were geared toward this appropriately. Further investment is needed to ensure it continues to remain a vital and viable district centre over the course of the Plan period.

10.37 **Rainham district centre** is amongst the smallest of the district centres in Medway, and generally appears to be functioning well in this context. The centre benefits from a strongly-performing anchor store in the form of Tesco Metro, which although housed in relatively dated premises, is performing well and trading significantly in excess of company benchmark levels. The presence of other multiple retailers such as Wilko also aids the vitality and viability of the centre. Whilst the district centre has a low vacancy rate, it would appear that demand for premises in the centre is generally weak, and consequently when vacant units arise they are occupied by low-grade retailers. Improvements to its physical appearance are required. The centres vulnerability and health is also reflected by its venue score market position (Lower Middle) and ranking (1167), which is significantly lower than the rest of the centres in Medway.

Recommendations for Chatham

10.38 Our recommendations for Chatham are as follows:

- Chatham town centre should continue to be the highest-order centre in Medway, and the primary focus for accommodating the identified comparison goods need.
- In the short-term, the priority for Chatham town centre is to improve its prime pitch retail offer. The Pentagon Shopping Centre is not fit for purpose in its current form: units are too small, the interior is dated, and footfall is low. The Council should work with the owners of the Centre to instigate a refurbishment programme, including amalgamation of units when opportunities arise in order to make them more attractive to national/multiple retailers, and proposals for expansion of the shopping centre should, in principle, be supported. The improvement / redevelopment of the Pentagon is considered integral in securing the long-term vitality and viability of the town centre.

- The second clear opportunity site in Chatham town centre is the former Trafalgar Centre, which is currently vacant. This site could – potentially in conjunction with the NCP Car Park to the rear (which falls under the same ownership) - be cleared and redeveloped as large-format units or reintroduction of a market, as part of a mixed-use redevelopment. Should the former opportunity come forward, the Council should investigate the possibility of the provision of permanent market stalls elsewhere in the town centre – potentially as part of any remodelling / extension of the Pentagon Centre – as such uses can play an important role in driving footfall and diversifying the town centre offer.
- Further opportunity sites exist in the town centre at land bound by High Street / Waterfront Way / Medway Street, which we understand is under single ownership. The Staples unit to the immediate north of this on Medway Street is a further opportunity. Both of these sites are likely to be too ‘off pitch’ for retail floorspace (which should be focused on the redevelopment of the Pentagon Centre), but offer opportunities for other ‘town centre’ uses, particularly bars/restaurants, potentially as part of a higher-density redevelopment which introduces residential floorspace to upper floors.
- Chatham is generally an attractive town centre but there remain clear areas where the physical appearance of town centre could be improved. These include better wayfinding between the railway station and primary shopping area, and improvements to shopfronts along High Street, particularly those in the stretch between the Pentagon Centre and The Brook.
- Peripheral areas of the town centre – particularly the western end of the High Street (west of Military Road) have seen the construction of residential uses on surplus sites in recent years. The Council should continue to support the introduction of additional residential uses within the town centres on appropriate sites, as these uses can help attract additional footfall and therefore support the wider vitality and viability of the town centre. There may be a case for redevelopment of some of the surface car parks which occupy land between Best Street and the High Street, provided the loss of these would not result in an overall shortfall of car parking provision.
- It is important for the primary shopping area to retain a critical mass of retailing activity, to help ensure strong levels of footfall and complement the diversification of uses in secondary areas of the town centre. Applications for change of use away from class A1 use within the primary shopping area should be resisted. The Council may wish to consider the use of Article 4 Directions as a means of enforcing this.
- Our analysis has shown that there is a lack of consumer choice of convenience goods shopping provision in Chatham town centre following the closure of the Tesco store at The Brook. The remaining foodstore provision is limited to the Sainsbury’s store in The Pentagon, which is a small, dated foodstore which is not of adequate quality to be an effective ‘anchor’ store. The closure of the Tesco foodstore at The Brook presents an opportunity to reintroduce additional convenience goods floorspace into the town centre, as part of a comprehensive redevelopment of this site (to also include the Home Plus Furniture store and multi-storey car park to the rear of the site), which will allow it to contribute more effectively to the wider vitality and viability of the town centre. Whilst we

understand that the Tesco store has in the short-term been let to an outdoor goods operator, this should not prevent the site from being considered a medium-term development opportunity.

- It is recommended that a proportion of identified convenience goods needs is directed towards the development of a new foodstore at the former Tesco site.
- The former Tesco was poorly integrated with the primary shopping area and any redevelopment of the site should ensure that 'town centre uses' (ideally a foodstore) maximise active frontage onto The Brook, in order for the new development to act as an effective eastern 'anchor' to the town centre offer. Should a foodstore come forward on this site, it is recommended that an appropriately-sized car park is provided to the rear of the site, which would also be available for use by town centre shoppers.
- Convenience goods provision will be further enhanced through the opening of the approved new Asda store at Gillingham Pier. We expect this store may also assist in reducing the over-trading of foodstores in the Gillingham area.
- Comparison goods floorspace on the Tesco site should be ancillary to the development of convenience goods uses. As stated above, there are considered to be more centrally-located sites which should accommodate the identified comparison goods for the District in the first instance.
- The household telephone survey has demonstrated that Chatham town centre is almost 'off radar' as a destination for casual dining / evening economy uses. Whilst the centre's proximity to Rochester will inevitably act as a constraint on market demand for the development of a significant quantum of floorspace of this nature, it is considered that, allied to the introduction of further residential uses and an enhanced comparison goods offer, the town centre could support additional bars/casual dining/family restaurants, which will assist in extending dwell-time in the centre and ensuring the town centre performs a broader range of functions. There appears to be an emerging cluster of such uses on High Street around the Medway Street / Manor Street junctions, and further enhancement of the offer in this area should be supported in principle; the aforementioned opportunity site at High Street / Waterfront Way could potentially assist in this respect. Proposals for introduction of A3/A4 uses should be resisted in primary shopping frontage, in recognition of the need for improvement to the comparison goods retail offer in Chatham town centre.
- There is no cinema in Chatham town centre, with closest provision being the Odeon at Chatham Dockside. The household survey has shown this to be a popular destination for residents of Medway, and the facility is supported by a number of restaurants and other leisure facilities. Currently, it would appear Chatham town centre receives little benefit from the leisure development at Chatham Dockside, and the Council should investigate ways in which 'linked trips' between the town centre and Dockside could be enhanced (by, for example, a more regular / discounted bus service). Whilst the household survey has demonstrated that the Chatham Dockside Outlet does not significantly compete with the town centre for expenditure, further expansion of retail facilities at this location should be resisted, in order to support the vitality and

viability of Chatham town centre. In much the same way the expansion of leisure and retail opportunities at Hempstead Valley Shopping Centre could have an adverse impact on Chatham and its ability to capture some of these opportunities, given that Chatham and Hempstead draw on similar catchments for trade.

Recommendations for Hempstead Valley

10.39 Our recommendations for Hempstead Valley are as follows:

- Proposals for modernisation of the existing centre should be supported; the centre was constructed in the 1980s and in parts appears dated. As part of this, proposals for modernisation of floorspace, for example amalgamation of units, should also be supported, providing it can be demonstrated that the overall diversity of uses of the centre will not be adversely affected.
- We do not consider there is a qualitative need for additional comparison goods floorspace provision at Hempstead Valley, and provision of further comparison goods floorspace at the centre (other than incremental improvements to existing units, as described above) should be resisted. It is considered that development of additional comparison goods floorspace at this location would undermine improvements to the comparison goods offer in Chatham town centre which, as we have described above, should be regarded a strategic priority for the Council, and would result in the performance of the centre not reflecting its identified role and function as a district centre.
- The current drawback in the offer at Hempstead Valley is the limited provision of 'day to day' retail services, such as hairdressers, cafes, banking facilities, and so on. Proposals for enhancement of facilities of this nature should be supported in principle, provided they are of a scale commensurate with the position of the centre in the retail hierarchy. Proposals for the introduction of other leisure facilities, for example cinema uses, should be resisted.
- We do not consider there is a qualitative need for additional convenience goods provision at Hempstead Valley, with current consumer choice (Sainsbury's and Marks & Spencer) sufficient.

Recommendations for Rochester

10.40 Our recommendations for Rochester district centre are as follows:

- The strategy for Rochester over the course of the Plan period should be one of consolidation and continued support of the existing retail and town centre offer, rather than one of expansion. It is not appropriate to plan for a significant quantum of comparison goods floorspace, as well as the constrained nature of the centre, and its designation as a Conservation Area, limit the scope for significant expansion of the existing retail offer. Individual proposals for extension, reconfiguration or modernisation of existing retail units should be considered on their individual merits.
- There appears to be strong demand for pub/restaurant operators (both national retailers and independent operators) for representation in the centre. Proposals for change of use of existing retail units to allow for additional provision of this nature should be treated on individual merits but

the Council may wish to give thought to capping the proportion of these units (as a percentage of total units) within the primary shopping area of the district centre to ensure the retail function of the centre is not undermined.

- The clear qualitative gap in the retail offer in Rochester is the provision of a foodstore. Whilst there is a small top-up food shopping facility on High Street, its offer is limited and in reality we expect most residents in the Rochester area will travel to facilities in nearby Strood. It is considered that the public car park at Blue Boar Lane / High Street represents an opportunity for a small-format foodstore (indicatively, it is considered that a foodstore in the region of 500-1,000 sq m net would be sufficient to meet the qualitative need for additional provision in the Rochester area), however development of this site would be subject to the Council taking a view on whether the loss of car parking at this location would be detrimental to the vitality and viability of the centre. We are aware that the proposals for the Rochester Riverside development include a small element of convenience goods floorspace; however this can principally be expected to meet some of the needs of the new residential community in this area. A larger-format foodstore at the site identified above would provide further choice for new and existing residents in the Rochester area.
- Related to the above point, there may be scope for intensification of the large public surface car park between the A2 Corporation Street and railway line, to the north-east of the district centre. However, it is not considered that this site would be suitable for retail or town centre uses; the A2 disconnects the site from the rest of the district centre and any retail development here would thus largely function as a standalone operation and not support the vitality and viability of the centre.

Recommendations for Strood

10.41 Our recommendations for Strood district centre are as follows:

- Better integration of Strood Retail Park, the Morrisons foodstore and the Tesco foodstore with the existing district centre, should be considered a priority. The impetus for this integration is particularly strong given the recent planning permission for improvements to Strood Retail Park. The edge of centre Morrisons and Tesco stores are also both trading well and there is a need for 'linked trips' to be encouraged between these stores and the existing district centre through a suitable programme of investment in the public realm.
- In association with the above, there is a need for an overall 'smartening up' of the existing district centre. Whilst the bisection caused by the traffic movements is undesirable, there is unlikely to be a solution to this in the short term, and therefore a series of measures which improve the pedestrian environment is required to mitigate the impact of the road infrastructure. We consider this could include the introduction of upgraded paving, enhanced pedestrian crossing facilities, introduction of uniform public realm, and better directional signposting – particularly 'gateway' signposting at the main arrival points into the centre, as being important elements of this.

- The overall objective should be to create a cohesive district centre which maximises linkages to nearby retail facilities which could, in turn, make a more substantial contribution to the vitality and viability of the district centre.
- Whilst it is outside the remit of this study to provide recommendations on boundaries and frontages for each of the town and district centres in Medway, we would strongly advise that Strood Retail Park and the edge-of-centre foodstores are not included within the district centre boundary, as inclusion would mean applications for further intensification of retail floorspace would not need to demonstrate compliance with the sequential and impact 'tests' in the NPPF and the future growth and development of the Retail Park would be more difficult to manage through development control. Given that we do not envisage that the Council should plan for significant amounts of additional comparison goods floorspace in Strood, we do not consider there to be a policy case for extending the boundary of the town centre to include the Retail Park.
- There are no obvious development opportunities in the district centre which could accommodate a significant quantum of comparison goods floorspace. Development of a substantial amount of comparison goods floorspace would also be contrary to the role and function of Strood as a district centre. Applications which seek to improve/enhance existing comparison goods floorspace within the district centre should be supported in principle.
- We do not consider there is a need to plan for additional convenience goods provision in Strood. There is a good level of consumer choice in and on the edge of the district centre, and whilst most stores are trading strongly, the Asda store within the district centre is under-trading, indicating there may be a degree of saturation of the convenience goods market in this part of Medway. The role of the in-centre foodstores – particularly Aldi – as contributors to the wider vitality and viability of the district centre is clear, and proposals which would significantly adversely impact on their trading performance should be resisted.

Recommendations for Gillingham

10.42 Our recommendations in respect of Gillingham district centre are as follows:

- The recent opening of the Aldi store on the edge of the town centre represents a positive investment in the town centre, and the household survey confirms that this store is currently performing well, trading at £18m above company average levels. The Budgens store in Gillingham district centre is, conversely, performing poorly, at £5m below company average levels. This store benefits from a dated internal and external appearance, and is currently not fulfilling its job as a 'anchor' store to the western end of the district centre effectively. We have identified previously that the Gillingham Town Centre Development Framework identifies the redevelopment potential of this store and adjacent uses, and it is considered this conclusion remains robust. The redevelopment should, most crucially, include active frontage to the High Street. The redevelopment of this site is important in securing the vitality and viability of the district centre, and in improving consumer choice and competition with the strong-performing Aldi store. We

understand that this site is owned by Medway Council, and it is considered that this therefore represents a clear development opportunity when the Co-Operative's lease expires in 2021 (or ideally sooner). The household survey results show that Aldi attracts significant spend as a 'top up' shopping destination, and there is clear scope for some of this to be captured by an improved foodstore at the Co-Operative site.

- The household survey has also identified that out-of-centre foodstores in the Gillingham area are trading strongly, with the Tesco Extra on Courtney Road trading at over double company average levels, and the Aldi store on the edge of Gillingham district centre also performing strongly. Allied with the conclusions we set out below in respect of Rainham district centre, we anticipate that there is likely to be a requirement for further larger-format foodstore provision in the Gillingham area over the course of the Plan period. We expect that, in the short to medium term, this over-trading could be reduced by the opening of the new Asda store at Gillingham Pier, as well as through the development of a suitable foodstore-led scheme on the Budgens site in Gillingham district centre. However, this trading position should be monitored over the course of the Plan period, and there may be a requirement for further foodstore provision in this area in the second half of the Plan period. Should there be no suitable sites to accommodate additional foodstore provision elsewhere in the district centres of Gillingham or Rainham, applications would need to demonstrate compliance with relevant government and development plan policy in respect of the sequential and impact test.
- We do not consider there is a requirement for the Council to plan for additional comparison goods development in Gillingham town centre, although schemes which seek to enhance the comparison goods offer of Gillingham district centre should be treated on their individual merits, and supported in principle providing they are reflective of the role and function of the district centre. As is the case with the other town and district centres across Medway, proposals which seek to improve the quality of existing retail property stock in the centre should also be supported.
- The Council should continue to monitor the vacancy rate in the centre and seek improvements to shopfronts to improve the overall attractiveness of the centre. Investment in the public realm should continue throughout the Plan period.

Recommendations for Rainham

10.43 Our recommendations for Rainham district centre are as follows:

- The Council should examine the scope for redevelopment of the Rainham Centre. Whilst the Centre benefits from being pedestrianised, it appears visually dated and requires investment in its internal and external appearance. We do not expect that this needs to extend to the wholesale demolition and redevelopment of the Centre – the performance of the Tesco store suggests that the existing floorspace can trade well – but upgrades to the physical appearance of some of the units, landscaping and public realm are considered important in supporting the long-term vitality and viability of the centre.

- There is no requirement to plan for any additional comparison goods floorspace provision in the centre. Applications which seek to introduce additional comparison goods floorspace should be treated on their individual merits, and supported in principle provided they are reflective of the role and function of the district centre. Again, proposals which seek to improve the quality of existing retail property stock in the centre should be supported.
- The existing convenience goods floorspace in the district centre is over-trading, and therefore there may be scope for the provision of small-format convenience store provision in the centre, should a suitable opportunity arise, to improve consumer choice. We are not aware of any development opportunities within the centre which could accommodate larger-format convenience goods developments.
- Improvements to shopfronts and the physical appearance of the rest of the centre should also be encouraged. This is considered to be a particular important requirement for the Station Road area.
- It is recommended that the Council define the following areas as primary shopping frontage: Rainham Shopping Centre, and the parade of units between 71 and 89-93 High Street inclusive (north side only). It is recommended that secondary shopping frontages are defined at 49 to 69 High Street inclusive (north side only); 70/74-88 High Street (south side only); and Station Road (1 to 35 inclusive on the western side; 2 to 36 inclusive on the eastern side) (see plan, Volume II)
- The Council should monitor applications for change of use to hot food takeaways (class A5). There is an over-concentration of these type of uses in the centre at present, and the introduction of further uses of this nature could potentially compromise the overall diversity of uses in the centre.

Recommendations for primary and secondary shopping frontages

- 10.44 The NPPF requires local planning authorities to '*define the extent of town centres and primary shopping areas, based on a clear definition of primary and secondary frontages in designated centres*'. Whilst Medway Council have defined the extent of their town/district centre boundaries in their 2003 Local Plan, there is no identification of appropriate primary and secondary frontages. Based on our analysis of the centres, and with regard to the strategic recommendations set out above for each centre, we make the following recommendations on the definition of primary and secondary shopping frontages in each of the Council's town and district centres. Our recommendations are also mapped on Experian Goad centre plans provided at Volume II (Plans 23-29) to the Study.
- 10.45 It is not considered that any changes to the overall town/district centre boundaries are required from those identified in the Local Plan, as these are generally considered fit for purpose. Reflecting our recommendations above, we do not consider there to be a policy case for extending the boundary of Strood district centre to incorporate Strood Retail Park.

	Recommended Primary Shopping Frontage	Recommended Secondary Shopping Frontage
Chatham	• Pentagon Shopping Centre (ground floor)	• Pentagon Shopping Centre (first floor)

	Recommended Primary Shopping Frontage	Recommended Secondary Shopping Frontage
	<p>only)</p> <ul style="list-style-type: none"> High Street, north side: between junction with Military Road and entrance to Pentagon Shopping Centre, and between entrance to Pentagon Shopping Centre and junction with Batchelor Street High Street, south side: from junction with Military Road up to and including Debenhams store. 	<ul style="list-style-type: none"> Railway Street, both sides between junction with Best Street and junction with High Street Military Road, both sides between junction with High Street and entrance to Pentagon Shopping Centre High Street, both sides between Waterfront Way and junctions with Manor Road / Higgins Lane High Street, north side between junction of Batchelor Street and Union Street / The Brook; High Street, south side, east of Debenhams store to Union Street / The Brook Former Tesco store and HomePlus store, The Brook Batchelor Street, numbers 2 to 20 (eastern side only) Church Street, both sides (excluding Place of Worship at Church Street / Whittaker Street junction)
Hempstead Valley	<ul style="list-style-type: none"> Internal units to shopping centre 	<ul style="list-style-type: none"> new units south of main district centre building, west of Sharsted Way
Rochester	<ul style="list-style-type: none"> High Street, west side: numbers 60 to 105 inclusive High Street, east side: numbers 59-61 to 83 inclusive 	<ul style="list-style-type: none"> High Street, west side: between junction with Gundolph Square and Boley Hill High Street, west side: numbers 108A to 195-196 inclusive High Street, east side: numbers 91 to 177 inclusive (excluding Eastgate House) Victoria Street: 2, and 4-6.
Strood	<ul style="list-style-type: none"> Friary Precinct (including Aldi) High Street, north side: numbers 74-76 to 86 inclusive; numbers 90 to 98 inclusive; numbers 100 to 108-110 inclusive High Street, south side: numbers 65 to 117 inclusive 	<ul style="list-style-type: none"> North Street, east side: numbers 2 to 10b inclusive; North Street, west side: Post Office High Street, north side: numbers 46 to 70 inclusive and numbers 118a/118b High Street, south side: numbers 119 to 143 inclusive
Gillingham	<ul style="list-style-type: none"> High Street, north side: numbers 82a-82b to 132-134 inclusive High Street, south side: numbers 79 to 151-157 inclusive 	<ul style="list-style-type: none"> High Street, north side: between junctions with Britton Street and Skinner Street/Canterbury Street and between junctions with King Street and Victoria Street High Street, south side: between junctions with Britton Street and Skinner Street/Canterbury Street (excluding Place of Worship at Skinner Street junction) and

	Recommended Primary Shopping Frontage	Recommended Secondary Shopping Frontage
		<p>between numbers 159-161 and 189a inclusive</p> <ul style="list-style-type: none"> • Canterbury Street: both sides, between junctions with High Street and Lock Street/Green Street • Skinner Street: both sides, between junctions with High Street and Jeffrey Street
Rainham	<ul style="list-style-type: none"> • Rainham Shopping Centre • High Street, north side: numbers 71 to 89-93 inclusive 	<ul style="list-style-type: none"> • High Street, north side: numbers 49-51 to 69 inclusive • High Street, south side: numbers 70-74 to 88 inclusive • Station Road, west side: between junction with High Street and junction with Longley Road • Station Road, east side: numbers 2 to 36 inclusive