John Lewis Partnership

The Small Town Retail Development Approach

Stephen Wright
Principal Planning Lawyer – John Lewis Partnership

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Introduction

2009 – a challenging time for the high street and for retailers

- Consumer confidence remains low, although first signs of strengthening?
- Finance remains expensive
- Major developments are being shelved
- A number of retailers (national and local) have closed
- Few chains are expanding
- Few new start-ups
- The result: highest vacancy rates in recent times

- Government proposals for temporary uses in vacant units
- London Mayor looking at "retail diversity"
- PPS4 maintains the focus on town centres, urging local Councils to know and understand better their local retail markets

John Lewis and Waitrose – recent developments

John Lewis

- New full line department stores (140-160k sq ft net, 240-270k gross) – Cardiff opens October 2009, Stratford in 2011, Sprucefield planned for 2013, Dublin??
- But pipeline of new stores curtailed as developers pull the plug on major schemes
- So looking at other opportunities
- Result: John Lewis "at Home"
  - 45k sq ft net / 55k gross
  - Focussing on core market of home and electrical assortments
  - First store opens in Poole in October
  - Brings the JL offer closer to target customers and helps bridge gaps between regional department stores

John Lewis and Waitrose – recent developments

Waitrose

- Convenience market continues to grow – supermarkets are still taking space, but trading conditions remain tough.
- We are opening 27 new shops this year – acquisitions (e.g. from Somerfield / Co-Op and Woolworths) and new build
- Core focus to date has been full range grocery shops of approx 16-21k sq ft net (25-32k gross) with parking for 150+ cars
- But continuing challenge of finding sites in target towns
- Result: Waitrose "convenience" and "small town format" shops:
  - Small town: 12-15k sq ft net (20k gross) 100+ cars
  - Convenience stores: 6k sq ft net (10k gross) - Clifton and Nottingham already trading, Oxted and Crouch End open later this year
  - Focus on basket trade, top-up shopping
  - 2010 – trials of small convenience: 3k sq ft net (4.5k gross)

The challenges of town centre retail development (1)

- Site acquisition and site assembly
  - Limited land availability in town centres
  - Vacant units unviable - poor location, in need of expensive renovation, located off the main retail pitch etc
  - Huge competition for good sites
  - Disparate land ownerships
  - Reluctance to use CPO powers
  - Sites remain empty because landowners don't want to realise loss
- Design
  - Retaining the integrity and distinctiveness of the high street – "fitting in"
  - BREEAM requirements
  - Challenges of creating a space that works
  - Active frontages on two (or more?) sides
  - Conservation Area considerations etc

The challenges of town centre retail development (2)

- Servicing and car parking
  - Car parking – sufficient amount? easy to find and convenient?
  - Lorry movements and delivery schedules – do these facilitate trade?
  - Service yard – space? noise? access?
  - On-street deliveries – conflict with other users? waiting time restrictions?
- Conflict with other users
  - Impact on residential and office amenity
  - Differing demands on limited car parking supply
  - Competition for use of service bays

The challenges of town centre retail development (3)

- Infrastructure requirements
  - Electricity supply
  - Plant and machinery
- Costs of development
  - More expensive to acquire, design, build, service, operate
- Competition / trading considerations
  - Critical mass: Will the town centre shop be big enough, and have an offer sufficiently strong to draw customers in from existing out of town stores?
  - Customer awareness: In a new market, a retailer must be able to offer a strong enough proposition to build brand and reputation with new customers

Solutions?

- Retailers need to be innovative and flexible
- Councils need to be reasonable and commercial
- Landowners and tenants need to work together with Councils and Civic bodies to create attractive, vibrant places for customers
- A mix of uses is important to encourage dwell time and drive footfall
- Most importantly, regional and local planning policies need to support and engender distinctiveness, choice, investment
- A central role for town centre managers – every Council should have one!