



## Report

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# Redditch Town Centre Retail and Office Needs Assessments Partial Updates

Final Report - October 2012

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**For and on behalf of GVA Grimley Ltd**

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# 1. Introduction

- 1.1 GVA were appointed in April 2012 by Redditch Borough Council (RBC) to provide partial updates to the Office Needs Assessment for Redditch Town Centre carried out by GVA in 2009 and the Town Centre and Retail Study undertaken by White Young Green in 2008. This update work is intended to be used as part of the evidence base to inform the development of retail and office policies within the emerging Local Plan. A summary of the Policy Context for Redditch is provided at **Appendix A**.
- 1.2 This update work for the retail needs specifically focuses on current and emerging retail trends, existing shopping facilities where we consider the diversity of town centre uses, vacancy rates and retailer demand. For the office needs we have undertaken an in depth review and analysis of vacant office stock, a survey of owners and agents aspirations and have provided an overview of both demand and supply factors.
- 1.3 We provide at **Appendix K** a Glossary of all technical terms included in this Study.

## The Study Area

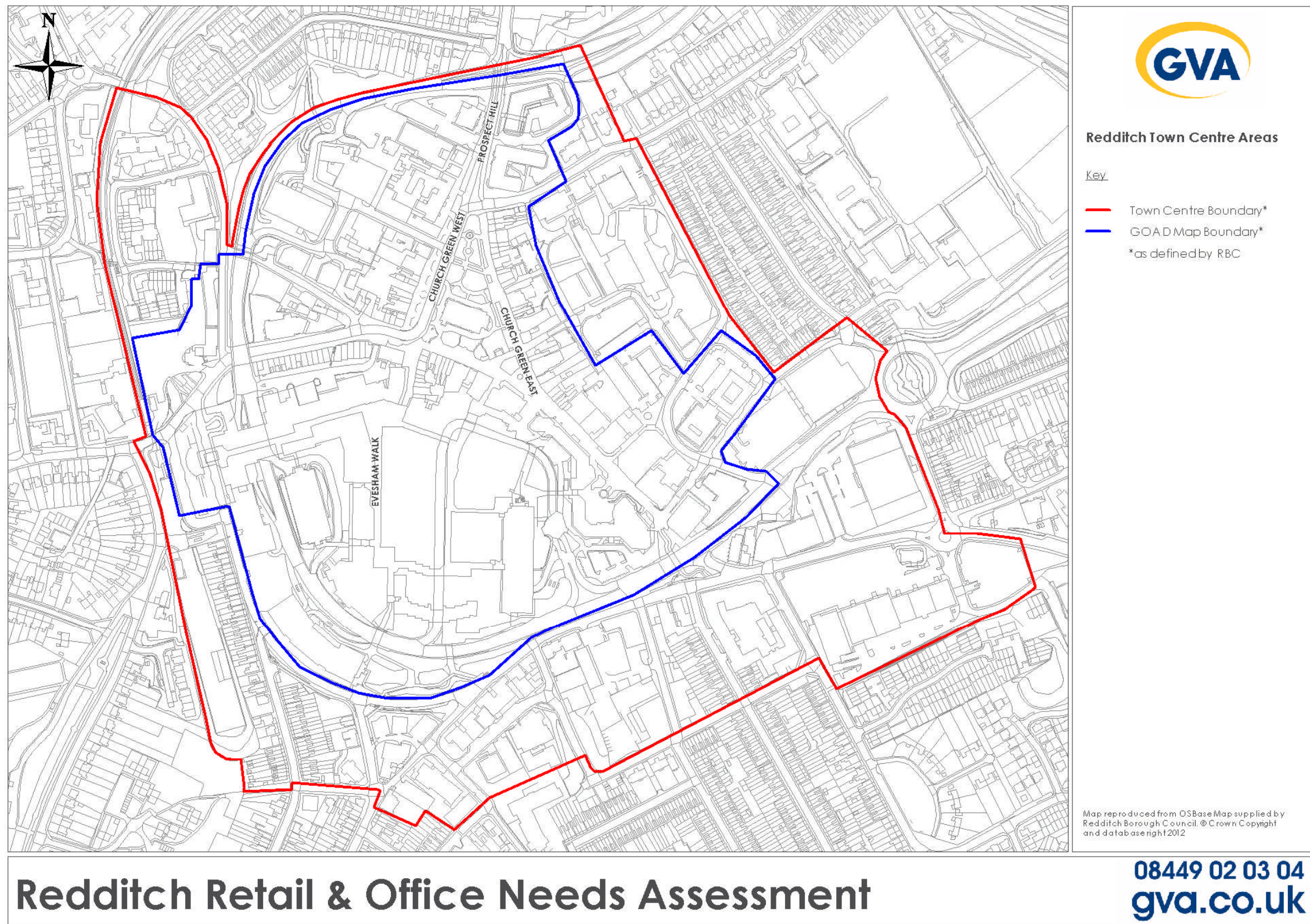
- 1.4 In agreement with the Client, RBC, the Study Area for this project was limited to the Town Centre boundary as indicated in Figure 1.1 below (the red line). This includes the town centre (as covered by Policy E(TCR).1) and Peripheral Zone (Policy E(TCR).3), both as defined in the Borough of Redditch Local Plan No. 3 Town Centre Inset Map. For the specific retail analysis, we have considered only those retail areas included within the blue line as defined in the Experian GOAD data. A larger version of this plan is provided at **Appendix B**.
- 1.5 On some occasions properties that fall just outside this boundary have been considered and we refer to these as appropriate.
- 1.6 The rest of this report is structured as follows:
- **Section 2** provides a partial update to the retail assessment, taking account of current and emerging trends, and how these may affect retailing in Redditch Town Centre;



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- **Section 3** provides a partial update of the office needs assessment for Redditch Town Centre with a particular focus on the vacant office stock currently within the boundary; and
  - **Section 4** provides our key conclusions and recommendations from the Study.



Figure 1.1 – Location of Study Area



Source: GVA/ Redditch Borough Council, September 2012



## 2. Retail Needs Assessment

### Introduction

- 2.1 This section examines the changes in the retail needs for Redditch Town Centre and partially updates the assessment carried out by White Young Green (WYG) in September 2008. Specifically, the following elements have been updated:
- Current and emerging retail trends including the Portas Review; and
  - Examination of existing shopping facilities (including looking at the diversity of town centre uses, vacancy rates and retailer requirements).
- 2.2 We begin by examining the wider current and emerging retail trends nationally before focussing this analysis to apply specifically to Redditch town centre.

### Current and Emerging Trends

- 2.3 The retail sector has undergone significant change in recent years, reflecting changes in the economy, as well as social trends and technological advances. These have largely been permanent changes, fundamentally altering how and where we shop. This section provides an overview of the current state of the retail market and examines the key influences on the retail sector over the short to medium term.

### Overview of Current Retail Trends

- 2.4 As little as five years ago the retail sector was booming, with strong growth in retail expenditure and buoyant development activity. Today's market is very different with retailers facing much weaker spending levels at the same time that consumers are demanding more in terms of service levels and expectations. Shopping habits have changed significantly, with consumers now having much more choice over how and where they shop. Retail markets have also become more 'blurred' with comparison retailers broadening their offers beyond their traditional product areas and convenience retailers increasingly branching into comparison retailing and other service lines. Weaker economic growth and spending have impacted on levels of

demand and consequently retail development, with significantly reduced levels of activity and in many areas a stalled pipeline of new development.

- 2.5 Such trends stirred the government into action and on 17<sup>th</sup> May 2011 the Prime Minister announced that he had asked Mary Portas (leading retail marketing consultant) to undertake a review of the English high street. The report was published on 13<sup>th</sup> December 2011 with the Government's formal response to the recommendations made by Mary Portas in her report published by the Department for Communities and Local Government on 30<sup>th</sup> March 2012.
- 2.6 The purpose of the Portas review was to identify what the Government, local authorities, businesses and others can do together to promote the development of new models of prosperous and diverse high streets. It forms part of the Government's work on the Growth Agenda. We summarise below the key findings of relevance to Redditch town centre.

### The Portas Review

- 2.7 The recently published Mary Portas Review into the future of our high streets provides a detailed analysis of what's gone wrong with our high streets and town centres and sets out a plethora of suggestions for how to improve them and thus secure their future. Much of this is highly relevant for Redditch town centre.
- 2.8 In recent years our high streets have been attacked from numerous directions – particularly from the severe economic recession, out-of-centre shopping development, the big supermarkets and the internet. But other factors have also been important, such as retailers changing demands (e.g. larger, modern shops), which are difficult to accommodate in traditional town centres, and traffic congestion, combined with the cost and availability of car parking which often deters shoppers.
- 2.9 Mary Portas' recommendations, which are listed in full in **Appendix C**, have been largely accepted by the Government and urgently need to be implemented, otherwise we risk the irreversible decline of our high streets and town centres. It is not expected that the retail sector in the future will follow past trends as there is unlikely to be a return to strong economic and retail spending growth. Further details on the reasons for this are provided in paragraphs 2.12-2.16. Furthermore, with retail channels

set to continue growing, unless action is taken, spending on high streets and in town centres will continue to fall (see paragraphs 2.25-2.31).

2.10 The problems are complex and there is no simple solution, nor is there one solution which will fit all town centres. What is needed is recognition of what has happened and that for some towns the solution lies not purely with retailing, but also looking at the ways in which our high streets and town centres can evolve to provide something new and incorporate other uses such as housing, offices, sports, social, cultural and other commercial uses, to bring life back into centres.

2.11 Mary Portas makes many suggestions which are aimed at helping town centres to improve themselves and the main ones relevant to Redditch include:

- Put in place a 'Town Team' involving landlords, shop keepers and local authorities to ensure a co-ordinated approach, create Super-BIDs, and manage town centres more like a business, creating a clear vision and plan to ensure town centres improve and become much more than just shopping centres. Key tasks for town teams will be to make high streets accessible, attractive and safe.
- Give local communities a greater say in what they want from local centres by providing them with help in producing neighbourhood plans for town centres and allowing greater involvement in the planning process, which are great ways of getting local people connected with their high street.
- Local authorities should use their new discretionary powers to give business rates concessions on new and small businesses to encourage new entrepreneurs to thrive, reducing the number of empty shops and encouraging diversity in town centres. They should also 'support imaginative community use of empty shops', and use disincentives to prevent landlords from leaving shop units empty.
- Provide greater control over the amount and size of out-of-centre shopping and what type of goods can be sold, particularly in large supermarkets, which increasingly devote larger and larger amounts of space to non-food items and services effectively becoming one-stop shopping destinations thus draining trade from town centres.
- Create a level playing field between out-of-centre shopping and town centres in terms of car parking. This is plentiful and free in retail parks, retail warehouses and many large non town centre supermarkets, but restrictive and expensive in town

centres. Many high streets and towns simply do not cater for '21<sup>st</sup> century shoppers' and this needs to change with a more flexible, well communicated parking offer, and receipts being ploughed back to benefit town centres.

- There needs to be action by local government to assist new sensitive development in town centres. This will be necessary so that town centres are enhanced, made more competitive, and generally made more attractive to shop keepers and shoppers alike. Local authorities should make more proactive use of CPO powers to encourage and facilitate redevelopment of key High Street retail space.

## The Economy and Retail Spending

- 2.12 In 2009 the UK economy went into recession and has struggled to recover with continued weak economic growth, a subdued housing market, rising unemployment and uncertainty in the job market. Household incomes have been squeezed as living costs have risen whilst wage growth has been static, or in many cases negative. These factors have all impacted on retail spending per capita which declined in 2009 by 1.1%. Expenditure per capita has recovered slightly with overall growth of between 0.2% and 0.3% in 2010/11 and 0.9% forecast for 2012 (Experian<sup>1</sup>). Certain sectors of the retail market such as bulky goods, (in particular furniture, floor coverings and electricals), have been hardest hit, as when incomes are squeezed, 'big ticket' purchases are the first to be cut back. The performance of these sectors is also closely linked to the housing market and the low level of transactions has reduced overall levels of demand.
- 2.13 Forecasts for the economy show weak growth is expected to continue in the short to medium term with a return to trend growth not expected until 2014 at the earliest. In the longer term the economy is likely to improve, however the exceptional performance of the period 1995-2007 is unlikely to be repeated.
- 2.14 Continued pressures on household incomes mean that consumers will remain cautious and expenditure growth will be much lower than the high rates seen during the late 1990s and early 2000s. Over the medium term Experian forecast growth of circa 0.5%

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<sup>1</sup> Retail Planner Briefing Note 9, Experian, September 2011

p.a. for convenience spending per capita and circa 3% p.a. for comparison spending per capita (2014-2018), with little improvement currently expected in the longer term (2019-2028). Consumers are therefore likely to remain cautious in their spending and will continue to seek the best price and value for money.

- 2.15 Population change is another important influence on retail spending and the demand for new floorspace as it can help off-set a slowdown in per capita spending in high growth areas such as London where the population is forecast to grow by 14% 2010-2020 and the East/ East Midlands (+10%). Conversely it can compound problems in lower growth areas such as the North East (+3.5%)<sup>2</sup>, and some sub-regions or towns where the population is expected to decline.
- 2.16 Change in the composition of the population, in particular the ageing UK population is also significant in terms of planning to ensure that town centres adequately cater for their catchment populations. Strong growth in the over 65's (>20%) is forecast for all regions except London 2010-2020, and older shoppers will therefore represent an increasingly important sector of the market.

### Internet/ E-tailing and New Technologies

- 2.17 The internet emerged as a retail channel in the 1990s and has grown significantly, with the UK now Europe's leading e-tail economy<sup>3</sup>. The latest Office of National Statistics (ONS) estimates suggest that by value, internet sales now account for circa 9% of total retail sales. In volume terms, non-store sales (which are predominantly via the internet) represent circa 12% of total retail sales and current forecasts by Experian suggest this will rise to circa 15% by 2018.
- 2.18 Verdict estimate that the total online retail spend in the UK was £26.2 billion in 2011, up 13.5% from 2010. Whilst the overall spend online is forecast to continue rising to circa £40 billion by 2015, the year-on-year rate of growth will be slowing, although will continue to significantly outpace overall growth in retail sales<sup>4</sup>.

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<sup>2</sup> ONS 2010 Based Sub-national Population Projections

<sup>3</sup> The Guardian, 28/04/2012

<sup>4</sup> UK e-Retail 2011, Verdict, May 2011

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- 2.19 Following on from the development of e-commerce we are now seeing the emergence of m-commerce with smart phone technology enabling consumers to research products and make purchases via their phones. Quick Response (QR) codes are being developed which allow consumers to scan barcodes using their phone and Near Field Communications is providing opportunities for phones to be used for 'contactless' payments.
- 2.20 These new retail channels are enabling retailers to reach new customers in their fight for market share. What is not growing, however, is the pot of available expenditure, so the implications will be for how these alternative channels will affect bricks and mortar retailing.
- 2.21 The loss of sales to the internet is not necessarily removing the need for physical floorspace at present, as online and physical retail channels are merging and shopping is becoming truly multi-channel. Consumers often research products via one medium but make transactions via another. Statistics from Verdict show that *'in 2010 63% of online shoppers researched goods online before purchasing in the shops, up from 54% in 2007. Moreover, 29% researched in store and then bought online, up massively from just 13.0% in 2007'*.<sup>5</sup>
- 2.22 Stores in part are now acting as showrooms and more recently collection points, with click and collect services being offered, which also provides opportunities for additional impulse sales to be made.
- 2.23 The greatest impact of the internet so far has predominantly been on goods/ services which can be transacted online. In terms of pure retail sectors this has been most significant for music, videos and books which can be both purchased and downloaded online. For other retail sectors the product involved means that whilst the transaction might be conducted online, there is still a physical need for the product to be sourced either from an existing store (as is the case for the majority of online grocery shopping) or from warehouses and delivered, or collected from a local store (for most comparison shopping). Recent research has highlighted that it is click and collect

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<sup>5</sup> UK e-Retail 2011, Verdict, May 2011



which is really driving e-tail at present with consumers unwilling to pay delivery costs and/ or to avoid the inconvenience of having items delivered.

## Retailer Trends

- 2.24 The last few years have seen retailers facing many challenges, with profit margins being squeezed at a time when consumers are demanding more, and competition has increased from alternative channels such as the internet and from the supermarkets as they increase their offers. This is impacting on the expansion plans of retailers and their future requirements in terms of store types/ formats and locations.

### Food Stores

- 2.25 The main grocery retailers are continuing to grow and expand their portfolios as they develop new product lines and store formats. Verdict is predicting an additional 2 million sqm of space will be built by grocers over the period 2010-2015<sup>6</sup>. There has been particularly strong growth in smaller convenience store formats such as Tesco Express and Sainsbury's Local as top-up shopping in local areas is becoming increasingly popular as rising fuel costs are deterring people from driving longer distances, and the online shopping is used for staple items. Asda, Morrison's and Waitrose are now also developing equivalent small store formats to meet this growing demand.
- 2.26 Food store led developments appear to be bucking the general trend of stalled development activity in the retail sector, with town centre schemes that are progressing tending to be those anchored by food stores. The amount of comparison floorspace within such stores is however a key issue, with the major grocers expanding further and further into non-food lines and in effect creating one-stop shopping destinations. Many supermarkets now also incorporate a range of service lines in stores, such as pharmacies, opticians, foreign exchange bureaus, photo labs etc.
- 2.27 Grocery retailing has expanded online although the proportion of total sales remains fairly low at circa 3.8% in 2010<sup>7</sup>. Verdict predict that the year-on-year rate of growth will slow, although it remains above 10% p.a. and by 2015 online sales are expected to

<sup>6</sup> Uk Food & Grocery Retailers 2011, Verdict, Sept 2011

<sup>7</sup> UK e-Retail 2011, Verdict, May 2011

account for circa 5.8% of total grocery sales. The impact for physical stores will depend on whether orders continue to largely be fulfilled through existing store networks and the growth of click and collect which is increasing in popularity for grocery shopping.

### *Comparison Retailers*

- 2.28 Comparison retailers have been hardest hit by the economic down turn as people have less money to spend on discretionary items. Many high street names, particularly mid-market retailers, including Barrats, Blacks, Clinton Cards, La Senza, Past Times, Peacocks, TJ Hughes, Woolworths and Zavvi, have failed to survive.
- 2.29 The luxury end of the market has however been largely unaffected, with designer retailers continuing to flourish. There has also been strong growth in the value retail sector, with retailers such as Primark, along with pound stores (Poundland, 99p Stores, Pound Stretcher etc) performing well as mid-market consumers have traded down.
- 2.30 Many comparison retailers are now realising that their store portfolios are too large to be sustainable in the current economic climate. With new technologies providing alternative ways to reach consumers they are looking to streamline their property portfolios and close less profitable stores. Whereas 300 plus stores were once required to achieve full market coverage in the UK, today only 100 stores might be needed.
- 2.31 A new business model is emerging for many comparison retailers, comprising large, modern 'flagship' stores in the largest towns and prime centres, supported by a network of smaller stores and a transactional website. The 'flagship' stores will accommodate retailers' full ranges, whilst smaller stores will offer selected ranges, with the full range accessible via in store internet kiosks. This model is already being trialled by some retailers such as Debenhams and House of Fraser, and other retailers such as Marks and Spencer and John Lewis are increasingly using smaller stores as collection points for internet orders.
- 2.32 There has also been a significant shift of traditional high street comparison retailers to out-of-centre locations as they seek to benefit from lower operating costs. This has led to a move from traditional bulky goods retail parks to shopping parks which offer a similar retail mix to town centre high streets. Some retailers have also developed specific formats for out-of-centre locations such as John Lewis at Home and Next Home. The significance of these trends for town centres depends on the overall

amount of out-of-centre development which is permitted in an area relative to the town centre, its mix, i.e. whether it is complementary or directly competing and its location, i.e. whether there are linkages with the town centre, offering opportunities for combined trips.

### Investment Trends

- 2.33 With weak economic growth, negative real income growth (due to the weak labour market, low pay increases and relatively strong inflation) and weak retail spending growth, occupier demand is not surprisingly depressed and rental value growth remains negative.
- 2.34 This has affected investment demand and, with continuing uncertainties about the economy and occupier demand, a premium has been put on risk aversion. Investors are now principally concerned with income security, length of lease and covenant strength. This favours stronger towns with tenants that are multiple retailers, rather than independents, and long leases without break clauses.
- 2.35 The result of these investment market changes is that smaller schemes in weaker towns, with low occupier demand from multiples, are difficult to develop. Consequently, much of the new development which has occurred in recent years has tended to have similar occupiers and be similar in appearance, leading to clone town criticisms.

### Development Demand

- 2.36 These changes in investment demand have affected yields and the value of completed developments, and therefore are ultimately affecting scheme viability and the ability to sell completed schemes or refinance them.
- 2.37 Viability is also affected by occupier demand and rental values. Since the market peak in late 2007/ early 2008 retail rental values have fallen 10% (IPD Monthly Index) and are still falling. This has not however been uniform across the country or across the sub sectors. For example, in central London rental values have increased, whereas in the West Midlands, rental values of standard shops and shopping centres have on average fallen by 15-20% (IPD Monthly Index). The fall in rental values has been much less for out-of-centre retail warehouses (nearer to 5% on average) in the same areas.

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- 2.38 There has also been a marked difference between the retail core (prime) and secondary ends of the market. For example, nationally, rental values for the retail core (prime) standard retail property (mainly unit shops) are much the same now as they were at the peak of the market in late 2007/ early 2008, whereas for secondary retail there has been a fall of 20%. Outside London and the south east this difference has been magnified, with an estimated decline of about 30% in the West Midlands for secondary retail.
- 2.39 This change in rental values, when combined with yield movement, has meant an even more dramatic change in capital values, and hence development viability. For example, shopping centres outside the south (e.g. in the West Midlands) have, on average, seen capital values fall by more than 50%, with secondary shopping centres experiencing a much greater fall than shopping centres in the retail core.
- 2.40 To some extent the fall in tender prices over the same time period has offset this fall in capital values, but not by much. As development costs are higher in town centre locations than in out-of-centre locations, and the fall in capital values has on average been greater in town centre locations than in out-of-centre locations, the change in viability has favoured out-of-centre development.
- 2.41 A final, and very important point, concerns the poor availability of development finance from the banks, since the credit crunch started in 2007, which was then reinforced by the subsequent economic recession. Over-lending on property prior to 2007 has been followed by de-leveraging banks disposing of problem loans and restricting their new lending in order to improve their capital base and reduce risks (de-leveraging). New lending has been very limited on investment property and, particularly, developments due to the higher risks involved. This situation is unlikely to improve significantly for the foreseeable future and compounds the viability problems particularly for town centre development as lenders remain risk averse.

### Retail Locations (Town Centre v Out-of-Centre)

- 2.42 Trends in retailing over the last decade have continued to reinforce the polarisation of the retail sector with growth focussed on major centres/ prime towns and in out-of-centre locations. The migration towards higher order centres and out-of-town destinations started with rising mobility and car ownership, with car travel remaining by

far the dominant method of transport for shopping trips. This favours locations with ample and often free parking, and is often a negative factor for town centres which can be heavily congested and where parking is often restricted and/ or expensive.

- 2.43 Town centres have lost both sales and floorspace to out-of-centre retail locations and other retail channels such as the internet. The town centre share of retail spending has dropped from almost half to circa 40% over the last 10 years as shown in Table 2.1 below, whilst out-of-centre sales have increased slightly, but non-store sales have doubled.

*Table 2.1: Share of UK retail spending by location*

	<b>Town Centre</b>	<b>Out-of-Centre</b>	<b>Neighbourhood</b>	<b>Non-Store</b>
2002	47.7%	29.4%	16.9%	6.0%
2012 (e)	39.9%	31.5%	16.4%	12.2%

*Source: Verdict Research, 2012. (e) = estimated value*

- 2.44 Statistics from Verdict also highlight that despite pro-town centre planning policy, town centre retail space has continued to contract whilst out-of-centre space has expanded.

*Table 2.2: UK Retail space by location*

	<b>Town Centre</b>	<b>Out-of-Centre</b>	<b>Neighbourhood</b>
2002	55.2%	29.4%	15.4%
2012 (e)	48.3%	36.9%	14.8%

*Source: Verdict Research, 2012. (e) = estimated value*

- 2.45 Current trends within the retail sector are simply compounding this situation, with larger centres/ out-of-town locations best able to meet the current requirements of retailers and consumers. The move from 'functional shopping' to 'leisure shopping' has changed consumers' expectations, with shopping increasingly viewed as a leisure activity. Centres now need to provide an 'experience' in a pleasant environment with supporting leisure facilities such as cafes, restaurants and cinemas etc to attract customers.

- 2.46 These trends along with the new business models (as discussed above) can pose significant problems for small-medium sized towns which are increasingly finding their retail space is becoming obsolete, and not fit for the purpose of modern retailing. With a limited pipeline of new development, many towns will find it difficult to meet the demands of retailers.

### Role of the Town Centre

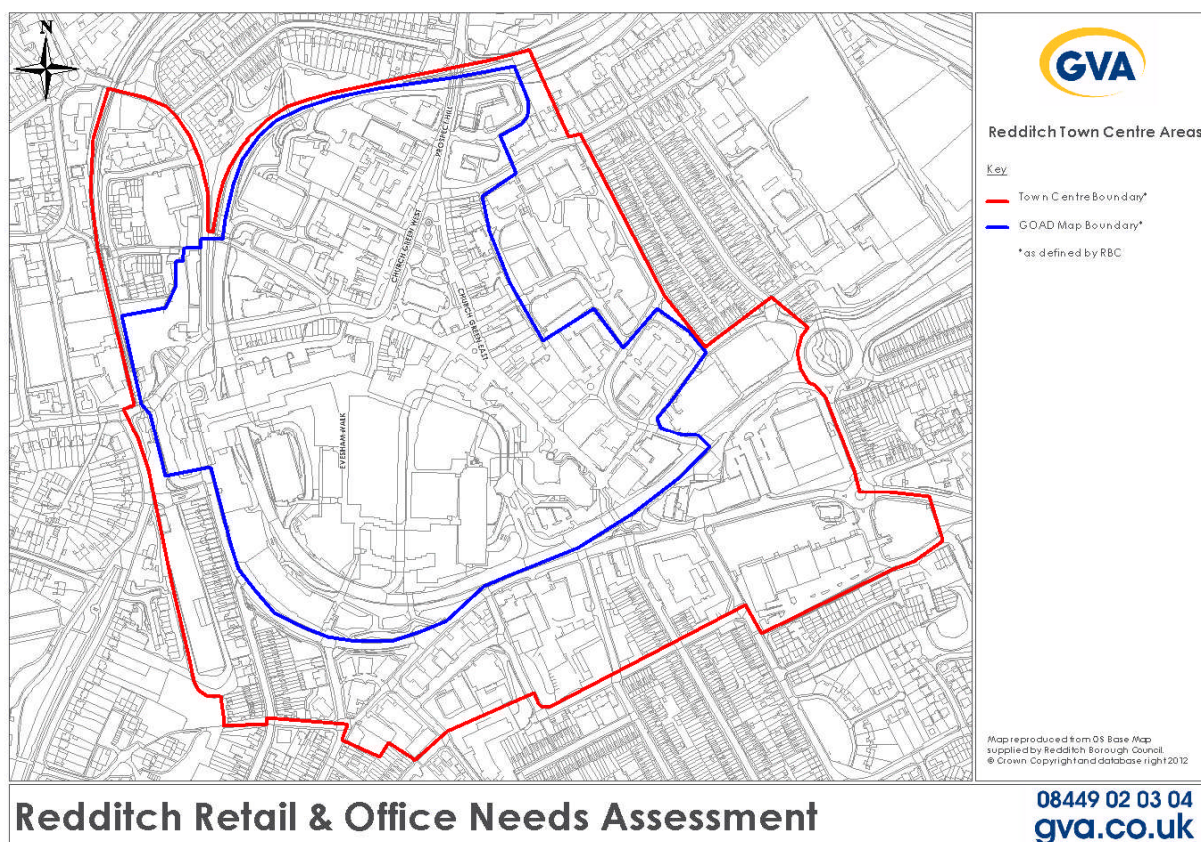
- 2.47 The town centre has historically been the main shopping focus, however its role is changing in the face of competition from out-of-centre retailing and the internet. Emerging trends suggest that some towns will need to look beyond pure retailing to ensure their future survival. This may involve allowing the change of use for vacant retail units, bringing in more leisure (bars, restaurants, food outlets) and community, cultural and other facilities to help drive footfall. It is also anticipated that some secondary and tertiary space will be converted to residential uses.
- 2.48 In order to ensure that town centres have a viable function moving forwards, it will be important for Councils to aim to drive footfall and improve dwell times. A better understanding is needed of a town's catchment area to ensure that the town centre offer meets the needs of local people and provides something different from competing centres in order to attract and retain visitors.

### Existing Shopping Facilities – Redditch Town Centre

- 2.49 This section of the report provides an overview of the shopping facilities available in the Study Area. It specifically updates the WYG report by focussing on a smaller study area as defined by the Experian GOAD data set used, as shown in Figure 2.1 (and attached at **Appendix B**).



Figure 2.1: Redditch Town Centre Primary Shopping Area



Source: Experian GOAD/ GVA, 2012

- 2.50 The assessment of shopping facilities is based predominantly on a GVA Survey undertaken on Sunday 13<sup>th</sup> May 2012 and established data sources (including Experian and CoStar). In agreement with the client, RBC, it was agreed that for this update work no household surveys would be required.

### Diversity of Town Centre Uses

- 2.51 The Study Area (see Figure 2.1) comprises the retail core of Redditch Town Centre and some peripheral locations. Retailing within the Study Area is focused towards the Kingfisher Shopping Centre, with secondary retailing on the (mainly pedestrianised) streets radiating from this location.
- 2.52 The Kingfisher Shopping Centre is an extensive internal mall housing a number of national multiple retailers. It was sold in 2012 from Scottish Widows to Capital and

Regional and Oaktree Capital Management for £130 million, following an extensive refurbishment programme.

- 2.53 The external shopping area is located immediately adjacent to the Kingfisher Centre to the north and east (around Church Green). Independent retailers, charity shops, leisure uses and services are located in these areas.
- 2.54 Information was collected on retailing in the Study Area by utilising recognised and established databases, in addition to the GVA survey of 13<sup>th</sup> May. The brief for this comprehensive retail survey undertaken as part of this partial Retail Needs update is provided In Table 2.3 below.

*Table 2.3: Brief for Town Centre Survey*

Town Centre Survey Brief
To assess every property within the retail core of the town centre as identified in the Experian GOAD data providing information on the properties current use i.e. office, retail, industrial, residential etc and make a note of the name of the occupier/ retailer as appropriate. If the use is as per the plan this needs to be confirmed on the plan. If the premises are now vacant this needs to be recorded, if they are being actively marketed a note of the marketing details off the board i.e agents name, contact tel. no/email/website etc will be noted. All data to be annotated using a key.

*Source: GVA, 2012*

- 2.55 The output of the survey was the provision of annotated Experian GOAD plans and accompanying explanatory notes. These informed the study and enabled us to produce an updated plan of the uses in the town centre and an identification of units that were vacant, as provided at **Appendix D**.
- 2.56 This survey was supplemented, and subsequently informed, by Experian GOAD. Experian GOAD undertakes regular data collection of retail centres, and last surveyed the study area for Redditch in September 2011. Thus, as part of our update survey, we have updated this data to May 2012. Table 2.4 below provides an overview of the retail composition and floorspace between 2008 and 2012. **Appendix D** shows the location of the vacant units across the Town Centre on a GOAD map. **Appendix E** shows the town centre retail uses by type (as per Table 2.4 below).



Table 2.4: Redditch Town Centre Retail Composition and Floorspace 2008 - 2012

Unit Type	2008		2012		UK	
	No. Units	Sqm Gross	No. Units	Sqm Gross	No. Units average %	Sqm Gross average %
Convenience	17 (7%)	1,560 (2%)	12 (5%)	1,226 (2%)	9%	17%
Comparison	112 (47%)	48,130 (71%)	108 (45%)	45,186 (65%)	41%	47%
Service	75 (32%)	10,140 (15%)	78 (33%)	10,864 (16%)	35%	23%
Miscellaneous *	6 (3%)	810 (1%)	5 (2%)	743 (1%)	1%	1%
Vacant	28 (12%)	6,770 (10%)	35 (15%)	10,905 (16%)	14%	12%
<b>Total</b>	<b>238</b>	<b>67410</b>	<b>238</b>	<b>68924</b>	<b>100%</b>	<b>100%</b>

\* = Employment centres, careers advice etc – please see Appendix D – Glossary of terms

Source: Experian GOAD (2012), WYG Redditch Retail Assessment (2008)

- 2.57 The number of units in Redditch Town Centre has not changed since 2008 (remaining at 238). However, the total area of retail floorspace has increased by 1,514 sqm, which represents a 2% increase (for example by alterations to retailing floorspace or internal layouts of existing units).
- 2.58 There have also been changes in the composition of retailing across the town centre in this 4 year period. The number of convenience retail units has decreased from 17 in 2008, to 12 in 2012, taking up just 5% of the total retail units and only 2% of the total floorspace. This is significantly below the UK average of 9% of total units and 17% of total floorspace. Farmfoods on the lower ground floor of the Kingfisher Centre is the largest convenience store. There are four bakers and one butchers in the town centre, but no greengrocer or fishmonger. The remaining convenience retailers are predominately made up of small scale convenience stores, a small number of units offering groceries and one off licence.
- 2.59 The area occupied by convenience retailing has decreased by over 300 sqm, which represents just over 20%. The convenience retailing floor area offered in Redditch town centre now stands at 2% of the total, which is in stark contrast to the UK average of 17%. It is clear that Redditch town centre suffers from poor in centre convenience retailing. However, it should be noted that there are a number of out of centre large supermarkets (for example, Tesco off Coldfield Drive, Sainsbury's on the A441 and Morrison's on the A4189), which suggests residents of the town (and wider borough) do their convenience shopping in these locations where all their shopping needs can be met in one location (without carrying out a shopper survey, we are unable to comment

as to whether this is a preference or a necessity given the lack of major convenience retail offer within the Town Centre). This further strengthens the analysis earlier in this report on current shopping trends, which states that there has been an increase in the out-of-town locations as operators move away from pure convenience stores to offering an element of comparison and service retailing within their store.

- 2.60 In contrast, the area occupied by comparison goods (65%) is significantly greater than the UK average (47%). However, there has been a decrease since 2008 in both number (a reduction of 4 units) and floor area (just under 3,000 sqm). While the reduction in floor area may seem significantly large this represents a reduction of approximately 6%, compared to a 4% reduction in unit numbers which suggests that larger stores have become vacant. This large proportion of comparison floorspace in the town centre suggests that shoppers come here for comparison goods shopping. Although there has been a decrease in comparison retailing in Redditch, this is to be expected given the recession and wider economic climate (the UK average also decreased through this period) as consumers have less money to spend on discretionary items and a number of high street names have gone into administration.
- 2.61 The WYG 2008 report stated that there had been considerable growth in the service sector in the period 1997–2008. This growth appears to have been sustainable with an increase in the number of service retail units by 3 since the 2008 study. Such units include hot food take aways, restaurants, hairdressers, banks, pawn brokers and estate agents. The exact breakdown of these units may have changed from 2008, as there may have been a rise in certain sub sectors (for example pawn brokers) compared to others, given the change in the economic climate. Compared to the UK average, there are slightly more banks and financial services and estate agents than the average, but fewer restaurants, cafes, fast food and take aways.
- 2.62 There are a number of other functions in the town centre that will attract visitors to Redditch, including the college, Redditch Borough Council offices, the library and other business uses. To support these uses, there are a number of public car parks both within and immediately adjacent to the town centre.

## Vacancy Rates

- 2.63 Vacancy rates have increased from 28 units (a 12% vacancy rate) in 2008 to 35 units (15% vacancy rate) in 2012. During this same period the UK average has increased from 11% to 14.6%. Thus, Redditch town centre remains slightly above the UK average. Of the units identified as being vacant 14 were in the Kingfisher Centre, with 21 being outside.
- 2.64 Apart from no. 6 Kingfisher Square (formerly TJ Hughes), most of the units that are vacant in the Kingfisher Centre are smaller units which are particularly attractive to independent retailers and service operators. Since the 2011 survey of the centre by Experian, there have been a number of previously vacant units that are now occupied by such operators (such as Chic Hair Boutique at 30 Kingfisher Walk). The Kingfisher Centre went through a period of refurbishment, and benefits from being a fully enclosed shopping environment. The presence of large multiple retailers (and the larger units) reaffirm the position of the Kingfisher Centre as the prime retail pitch for Redditch town centre. The larger units that are vacant are most likely to be units that were previously occupied by national brands that have fallen victim to the recession and are no longer trading, such as 6 Kingfisher Square (formerly occupied by TJ Hughes) and 57 Evesham Walk (formerly occupied by Pumpkin Patch).
- 2.65 Outside of the Kingfisher Centre, the retail offer changes dramatically. There are few multiple retailers (aside from charity shops), and the proportion of service operators increases. The units here are smaller and in less good condition (with less modern amenities and servicing issues).

## Retailer Requirements

- 2.66 Using our market knowledge and the retailer requirement database on EGi, we understand that there are a number of retailers with requirements for Redditch. However, it should be acknowledged that some retailers may seek floorspace in a region (for example Worcestershire, or even the West Midlands) and publish requirements for the whole of the area until a site is secured. Also, some retailers do not use such published sources, and may only express interest once a suitable site comes forward. This said, it is still a useful indicator of likely retailer demand for the centre.
- 2.67 We understand that there are 52 operators currently seeking units in Redditch, which is an increase of 19 requirements from 2008. However, a number of the operators seeking

requirements in 2008 are still listed as looking for requirements in 2012 (such as Pizza Express, Machine Mart Limited and Marstons plc). This identifies that there is latent demand for retail floorspace in the town centre but that the supply currently available is not suitable to meet their current requirements. This may be due to occupiers requiring modern flexible space in a form not currently available in the Town Centre, or due to individual locational requirements of the occupier (for example requiring a location where they can take advantage of the evening economy).

- 2.68 Of those operators listed as having a requirement for the town Table 2.5 below summarises these by retailer type.

*Table 2.5: Redditch Town Centre Demand - Retailer Requirement by Type*

Retailer	Type	Desired Location	Max Floor Area (sq m)	Already in Redditch?
Age UK	Comparison	In town/shopping centre	167	Y
Ann Summers	Comparison	In town/shopping centre	167	Y
B & M Bargains	Comparison	Anywhere	2787	Y
Bodycare	Comparison	In town/shopping centre	279	Y
British Heart Foundation	Comparison	In town	929	Y
Companion Care Vets	Comparison	Edge/in town	Not specified	Y
Countrywide	Comparison	Anywhere	1394	N
CSL	Comparison	Edge/out of town	1394	N
DKZ Designer Kidz	Comparison	In town/shopping centre	139	N
Extra Care Charitable Trust	Comparison	In town	Not specified	N
Fabulous (Jeweller)	Comparison	In town	74	N
Frangrance Shop (The)	Comparison	In town/shopping centre	93	N
G - Store	Comparison	In town/shopping centre	167	N
Harveys	Comparison	Edge/out of town	929	N
Headway Charity Shop	Comparison	In town	46	N
Hobbycraft	Comparison	Edge/out of town	1068	N
Just for Pets	Comparison	Out of town	743	N
Machine Mart	Comparison	Edge of town	929	N
Maplin	Comparison	Edge/in/out of town	465	N
Mothercare	Comparison	Edge/out of town	2787	N

Penmark Cards	Comparison	In town	93	N
River Island	Comparison	In town/shopping centre	1394	Y
Shelter	Comparison	In town	60	N
Sofa Workshop	Comparison	In town	743	N
Store Twenty One	Comparison	Edge/in/shopping centre	650	N
Sue Ryder Care	Comparison	In town	929	N
Tile Giant	Comparison	Edge/in town	650	N
Turtle Bay	Comparison	In town/shopping centre	Not specified	N
WH Smith	Comparison	Anywhere	232	Y
Aldi	Convenience	In/edge of town	1533	Y
Bargain Booze	Convenience	In/edge of town	186	Y
Budgens	Convenience	In town	929	N
Little Waitrose	Convenience	In town	650	N
One Stop*	Convenience	Edge/in town	279	Y
Sainsbury's Local	Convenience	Edge/in/out of town	465	N
Waitrose	Convenience	Edge/in town	3716	N
Ask	Service	Anywhere	Not specified	N
Chop & Wok	Service	In town/shopping centre	139	N
Frankie & Benny's	Service	Anywhere	Not specified	N
HSBC	Service	In town/shopping centre	400	Y
KFC	Service	Edge/out of town	Not specified	Y
Love Coffee	Service	Factory outlet or other	Not specified	N
Marston's Inn And Taverns	Service	Edge/out of town	Not specified	N
Pizza Hut*	Service	Anywhere	296	Y
Pizza Express	Service	Anywhere	Not specified	N
Starbucks Coffee	Service	Anywhere	Not specified	N
William Hill	Service	In town	Not specified	Y
Zizzi	Service	In/out/shopping centre	Not specified	N
Zouk	Service	In town/shopping centre	111	N
<b>Total</b>			<b>28,012</b>	<b>(Specified floorspace)</b>

\*These stores are currently in Redditch although not in the Town Centre, however, they may have a requirement for an in centre location to supplement their other Redditch location.

Source: EGi, GVA 2012

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- 2.69 This shows that there is significant demand from retailers for over 28,000 sqm. Much of this demand comes from comparison good operators – ranging from small unit demand of circa 100 sqm, to larger multiples that are looking for in excess of 1,000 sqm. However, a number of comparison retailers (8 in total) already have units within Redditch Town Centre. This said, their requirement may be for a larger/ smaller unit or in a different area of the town centre. Greater certainty could be achieved as to specific requirements through the Council engaging with the operators.
- 2.70 There is also significant demand from service retailers, typically restaurants, cafes and take away providers. If some of this requirement were to be met it would help to raise the profile of the town centre as both a shopping and leisure destination as shoppers would have a greater choice of places to eat during their visits. It would also help in developing an evening economy which is currently lacking in the town centre.
- 2.71 There are also significant requirements for convenience operators, including the brands of Little Waitrose, Sainsbury Local and Aldi. As already discussed, convenience retailing is under represented in the town centre compared to the national average. At present there is no smaller store format of one of the larger convenience store operators in the town centre. As mentioned earlier this market is a growth area and as a result this is an opportunity for this shortfall to be addressed should a suitable unit be found for an operator.
- 2.72 The current vacant floorspace is circa 11,000 sqm – there is thus an opportunity for some of the 28,000 sqm of retailer demand to be met by the current vacant stock in the Town Centre.
- 2.73 As discussed previously it appears that the current supply is unsuitable to fulfil the existing latent demand. It will therefore be a key policy decision for the Council to determine how and where they look to reconfigure existing space or develop new retail opportunities, to ensure that they can provide a product that meets the requirements of the companies that are showing considerable interests in the town as a retail destination. We recommend early engagement with these operators in order to try to attract them to the town and in so doing improve both the retail offer and footfall in the town centre.
- 2.74 We met with the Town Centre Partnership on the 2<sup>nd</sup> August and presented the draft findings of this report. A lively and positive debate was held with these key stakeholders

as to the future of the town centre. A variety of issues were discussed including the impact of current market conditions on business performance, the knock-on effect for the town centre, future expansion plans, ways in which the profile of the town centre can be raised and demand realised, impact of leakage in terms of spend (see **Appendix F**), the limited evening economy, opportunities for mixed use development and what the next steps were. It is expected that the Council will work with the Partnership to address some of these issues and look to raise the profile of the town centre as a location for investment from both retail and office markets.

## Summary

- 2.75 Since the WYG study in 2008, there have been a number of changes to Redditch town centre as a result of the wider economic conditions:
- Vacancy rates have increased to 15% (just above the national average), with the majority of vacancies being outside the Kingfisher Centre;
  - While there has been a decrease across all retail sub sectors, comparison retailing is still the dominant retail type; and
  - Convenience retailing is still vastly underrepresented in the town centre, well under the national average and having reduced further since 2008.
- 2.76 There is though significant latent demand from occupiers seeking a presence in the town centre, whilst this is positive it has become clear that the current supply is unsuitable to meet the interested retailer's requirements.
- 2.77 The following section covers the findings of the partial update of the office needs assessment.

## 3. Office Needs Assessment

### Introduction

- 3.1 This section provides a partial update to the 2009 Office Needs Assessment undertaken by GVA. GVA undertook site visits of all the vacant office premises within Redditch town centre on the 1<sup>st</sup> June 2012, having identified these through our on site survey of all properties within the town centre on 13<sup>th</sup> May 2012 and through information provided to us by RBC.
- 3.2 GVA also undertook a survey of owners and agents of the identified properties in order to understand the issues faced with marketing these properties. A copy of the questionnaire is attached at **Appendix G** with an overview of our key findings to date provided later in this report.
- 3.3 From this we have been able to provide a partial update to our 2009 study, in particular focusing on some potential reasons for the level of office vacancies within Redditch town centre. We have also provided an up to date review of the office stock in the town centre by looking at transactions that have taken place in the centre since the 2009 study and examining the occupational market that these transactions have taken place in.
- 3.4 From this market context, we have been able to analyse the available office stock in Redditch town centre, and with feedback from our agency and owner survey, make suggestions as to how this may be improved to ensure a vibrant town centre environment in the future.

### Occupational Market Review

- 3.5 The prevailing economic conditions have had a detrimental effect on economic activity and hence the demand for office premises across the UK. Typically, office accommodation now takes longer to let, with extended void/ marketing periods now evident.



- 3.6 Additional burdens on landlords marketing vacant premises include the need to complete Energy Performance Certificates (EPC's) and changes to Empty Rates relief liability. These factors have prompted many landlords to increase rental incentives (such as rent free periods, reverse premiums and more flexible lease agreements). Whilst these factors increase the attractiveness of units to potential occupiers, they all reduce the 'net effective' rent that the landlord will receive (after allowing for rental incentives).
- 3.7 The office offer in Redditch Town Centre has been no exception to the conditions experienced in the wider office markets, and hence has experienced a downwards pressure on rental values.

## Demand

- 3.8 Demand from occupiers in Redditch Town Centre has remained static with little change in the last decade. Key drivers such as lease events (including lease expiry or break clauses) or the need to improve working environments are often the reason for relocation within the market, most often from indigenous local professional and service businesses serving both local and national markets. There are few transactions recorded above 232 sqm (2,500 sqft), which supports the perspective that demand in the town centre is mainly derived from local occupiers.
- 3.9 In contrast, national and international corporate occupiers, such as Orange, Oracle and Fujitsu, often favour business park locations, particularly further east of Redditch between junctions 4 and 6 of the M42. The most established business parks in this location are Birmingham Business Park and Blythe Valley Park, which provide 195,096 sqm (2.1 million sqft) of office accommodation in total. These business parks are successful given their accessibility to the motorway network, easy access to Birmingham International Airport and national rail services from Birmingham International Rail Station.

## Supply

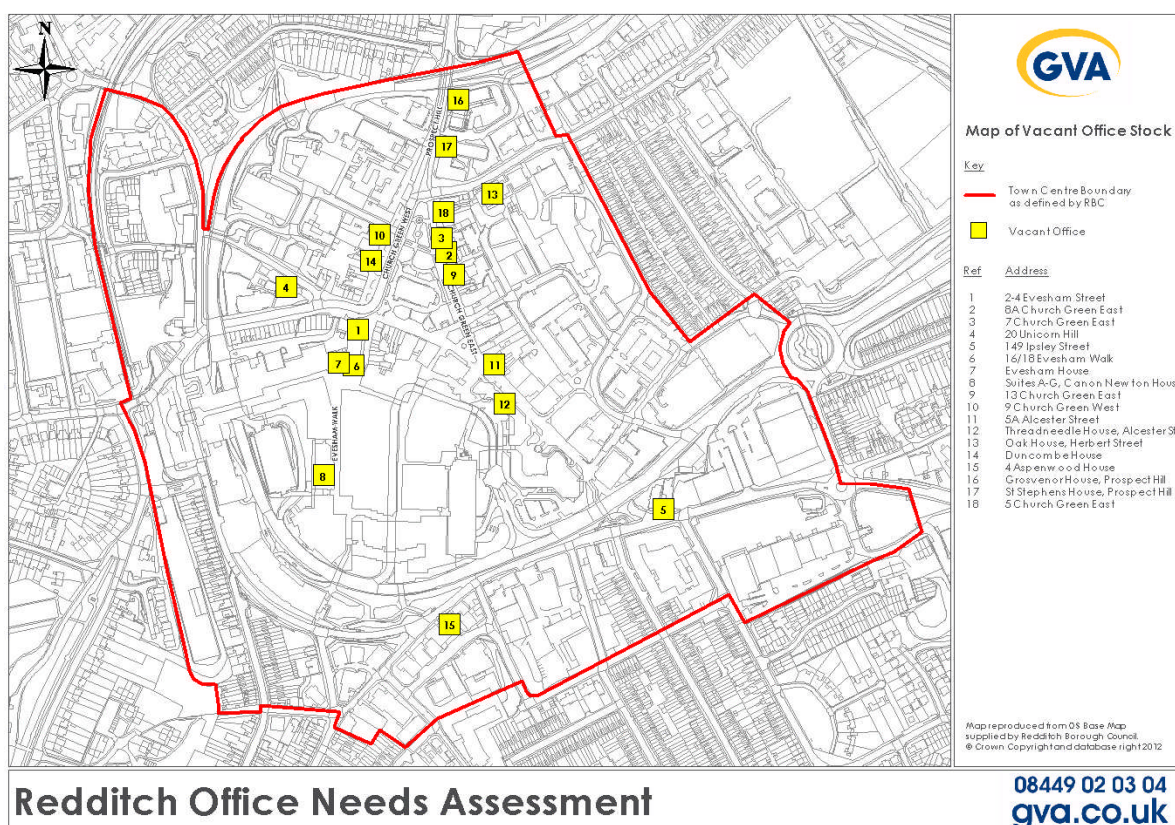
- 3.10 As a consequence of the limited demand discussed above, and wider economic conditions, there is an over supply of office accommodation in Redditch (and the south Birmingham area). Due to continuing economic pressures and a focus on

business efficiencies, it is unlikely that this will change especially in the short to medium term.

3.11 The increase in supply of office properties, not only in Redditch Town Centre but across the region, coupled with depressed demand has led to an imbalance of supply and demand. We go on to consider the consequences of this imbalance on the office market in Redditch Town Centre.

3.12 We analyse below the available office stock currently in Redditch Town Centre. In view of the relatively muted occupational demand, the type and quality of office stock in Redditch and wider economic conditions, there is no shortage of available office space (either existing stock or development land opportunities) in the town centre Study Area. The geographical location of these properties is provided in Figure 3.1 below. A more detailed version is included at **Appendix H**.

Figure 3.1 – Location of Available Office Supply within Redditch Town Centre



Source: GVA, 2012

3.13 Table 3.1 below highlights available office premises in the study area as at May 2012 (a more detailed version is attached at **Appendix I**).

*Table 3.1 - Availability of Office Space/ Land within Redditch Town Centre*

Leasehold Properties		
Address	Size Sqft	Rent per sqft
Suite 3 Grosvenor House, Prospect Hill, Redditch, B97 4DQ	6143	£9.75
Suite 4 Grosvenor House, Prospect Hill, Redditch, B97 4DQ	1606	£9.75
Suite 9b Grosvenor House, Prospect Hill, Redditch, B97 4DL	2650	£9.75
Suite 11e Grosvenor House, Prospect Hill, Redditch, B97 4DQ	763	£9.75
St Stephens House, Prospect Hill, Redditch, B97 4DP	15264	£10.00
Duncombe House, Church Green West, Redditch, B97 4DY	2191	£7.07
2-4 Evesham Street, Redditch, B97 4EU	6461	unknown
16/18 Evesham Walk, Kingfisher Shopping Centre, B97 4EX	1978	£7.50
Suite A, Canon Newton House, Kingfisher Shopping Centre, B97 4HA	822	£7.50
Suite B, Canon Newton House, Kingfisher Shopping Centre, B97 4HA	1315	£7.50
Suite C, Canon Newton House, Kingfisher Shopping Centre, B97 4HA	1953	£7.50
Suite D, Canon Newton House, Kingfisher Shopping Centre, B97 4HA	936	£7.50
Suite F, Canon Newton House, Kingfisher Shopping Centre, B97 4HA	942	£7.50
Suite G, Canon Newton House, Kingfisher Shopping Centre, B97 4HA	946	£7.50
Suite J, Canon Newton House, Kingfisher Shopping Centre, B97 4HA	1098	£7.50
20 Unicorn Hill, Redditch, B97 4QU	2150	£11.63
4, Aspenwood House, Ipsley Street, Redditch, B98 7AR	1272	£5.11
5A Alcester Street, Redditch, B98 8AE	1570	£6.69
Threadneedle House, Alcester Street, Redditch, B98 8AE	11626	£4.30
Oak House, Herbert Street, Redditch, B98 8BL	2953	£4.99
13 Church Green East, Redditch, B98 8BP	1899	unknown
8A Church Green East, Redditch, B98 8BP	1002	£9.48
7 Church Green East, Redditch, B98 8BP	600	£13.00
149 Ipsley Street, Redditch, B98 7AA	719	unknown
Evesham House, Kingfisher Shopping Centre, Redditch, B97 4EY	1978	£7.50
Freehold Properties		
Address	Size Sqft	Value per sqft
9 Church Green West, Redditch, B98 8BP	1343	£279.00
Beech House, Church Green East, Redditch, B98 8BP	3631	£357.41
Oak House, Herbert Street, Redditch, B98 8BL	2903	£103.34
20 Unicorn Hill, Redditch, B97 4QU	2150	£151.16
5 Church Green East, Redditch, B98 8BP	1392	£132.90

Source: FOCUS and GVA, 2012

- 3.14 The above highlights that there is circa 6,710 sqm (72,229 sqft) of office accommodation being marketed in the study area as at May 2012 for leasehold, with a further 1,061 sq m (11,419 sq ft) available as freehold providing options for occupiers to purchase their own space, as well as appealing to the investment market. However it must be noted that a number of the freehold opportunities are also available as leasehold opportunities.

#### *Exclusions from Analysis*

- 3.15 There are some specific exclusions from our analysis of the vacant office stock, which it is important to highlight. The former County Court is currently being marketed (980 sq m/ 10,550 sq ft). We have not included this within our analysis as although it is being marketed as suitable for alternative uses (subject to planning) we understand (as GVA are marketing the property) that there has been no interest from potential occupiers as an office use.
- 3.16 Our site visit on 1<sup>st</sup> June also identified that the large former NHS property off Prospect Hill is vacant and is boarded up. We have not treated this as vacant office space in our analysis, demolition of this property commenced in August 2012 to make way for a redevelopment opportunity.
- 3.17 There are alternative opportunities that are either being marketed for alternative uses or are located outside of the study area, but are worthy of consideration with regard to the potential development market. These are summarised below;
- **150 Evesham Street** – this 0.1 hectare (0.25 acre) site has been marketed as a residential development opportunity by Knight Frank, but we currently understand that it is now under offer; and
  - **Land at Clive Works/Smithers Oasis, Bromsgrove Road** – this is a 1.15 hectare (2.85 acre) site adjacent to Redditch Railway Station. It is currently used for industrial premises and the agents (Harris Lamb) confirmed in July 2012 that the property is being marketed as a mixed use redevelopment opportunity (subject to necessary planning consents).
- 3.18 Both of the development sites could in theory offer opportunities for office development (as this would be a policy compliant use given their locations), however, the choice to market them as mixed-use or residential suggests that there is little

demand for office development sites near to the town centre, reflective of the excess secondary office stock currently on the market.

### Office Lettings Analysis

- 3.19 Details of recent office lettings and sales (April 2009 – May 2012) for the study area was analysed for both leasehold and freehold sales (shown at **Appendix J**), immediately following the date range used for the 2009 Study. We have drawn upon evidence from local agents, our own market knowledge and websites such as FOCUS and EGi.
- 3.20 The number of office units let within the Study Area has been relatively consistent over the period examined, with ten leasehold deals in the three year period. The average size of unit let in this period was 134 sqm. Table 3.2 below provides further details of these deals.

*Table 3.2 – Total Office Lettings in Redditch Town Centre (April 2009 – May 2012)*

Year	Number of Units Let	Total Area Let	Average Area Let
2009	3	457 sqm	152 sqm
2010	4	513 sqm	128 sqm
2011	2	317 sqm	159 sqm
2012	1	57 sqm	57 sqm

Source: GVA, 2012

- 3.21 The average floorspace let over the period shows a gradual decrease (although the largest letting during this period was achieved in October 2011 for a unit of 262 sqm, which distorts the findings some what). The 2009 Study demonstrated that for the period 2000–2009, the majority of rented accommodation deals were for units of less than 232 sqm (2,500 sqft). This updated analysis concurs with this finding, that the majority of accommodation let is for smaller office floor plates.
- 3.22 This said, the 2009 Study showed that 13 transactions had occurred in a 2 year period from August 2007–July 2009, with an average unit size of 200 sqm (2,153 sqft). This is above the average unit size achieved in the update review period (2009–2012), which suggests smaller sizes of units are currently being transacted in Redditch Town Centre. The decline in transactions since 2009 is reflective of current market conditions.

- 3.23 As part of the analysis, it is important to consider the impact of rental values from 2009. The 2009 Study showed that an average rent of £8.46 per sqft was achieved for the 2 year period of office transactions between August 2007 and July 2009. This was from a range of rental values from £6.23 - £11.81 per sqft. Table 3.3 below updates this analysis for our 2012 Update.

*Table 3.3 – Rental Values achieved in Redditch Town Centre (April 2009 – May 2012)*

Year	Number of Units Let	Average Rent per sq ft	Rent Range per sq ft
2009	3	£11.12	£10.50 - £11.50
2010	4	£7.28	£3.15 - £8.50
2011	2	£8.16	£7.50 - £8.81
2012	1	£6.50	n/a

Source: GVA, 2012

- 3.24 If the £3.15 per sqft value achieved in 2010 is dismissed as an outlier to the available data (and may be reflective of other external factors such as the size of the occupier or the lease length), then the average for 2010 would be £8.66 per sqft. This would be akin to the decreasing rent trend that seems to be apparent in the available transactional data.
- 3.25 However, it should be noted that these rents may not be net effective rents after allowing for incentives. As a consequence of the demand and supply imbalance, incentives offered to encourage occupiers to enter new leases have risen dramatically. Such incentives can include rent free periods, regular break options or reduced lease lengths. These incentives are lacking in transparency (with agents reporting headline rents rather than the net effective rent after incentives), which makes market analysis more difficult. It is therefore likely that the average rent per sqft in our study period may actually be lower than those in Table 3.3 once incentives are taken into account.
- 3.26 The 2009 Study demonstrated that there had been few freehold sales in Redditch across the town in the period 2000–2009. Our update work has revealed that there have been no freehold sales of office units within the study area between 2009–2012.



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## Office Stock within Redditch Town Centre

- 3.27 The type of office provision within the Study Area can be viewed in terms of its location, size of office units, its current use, and market type (freehold/ leasehold).

### Location

- 3.28 In the 2009 Office Needs Assessment, we identified that the town centre has five main locations for offices, these being the Town Hall, Threadneedle House, St Stephen's House, Grosvenor House and the Bromsgrove and Redditch Primary Care Trust building.
- 3.29 However, as part of our 2012 review into the vacant office stock within the town centre, it is apparent that Threadneedle House is vacant, as are significant proportions of St Stephen's House and Grosvenor House. In 2009, Threadneedle House was partially occupied, while St Stephen's House and Grosvenor House did not have as much floorspace vacant.
- 3.30 The remaining supply of vacant office space is located throughout the Study Area, and is largely located above retail units or in small ground floor office suites (such as estate agents) – see Table 3.4 and **Appendix I**. The majority of the vacant space identified is available on a leasehold basis with a few freehold opportunities.

### Vacancy Rates

- 3.31 To inform this Study RBC provided us with detailed proformas of the vacant office stock (as of 4<sup>th</sup> May 2012) in Redditch Town Centre, which we have condensed and provided at **Appendix I** to identify the salient information. This information is summarised in Table 3.4.
- 3.32 Since the receipt of the information from RBC to the time of writing the report, we have updated the table to reflect the most up to date position. A number of properties in Table 3.4 are no longer being actively marketed (either because deals have been completed or they are being marketed for other uses) or are outside the Study Area. These properties have all been removed from the list of properties at Table 3.4.
- 3.33 In addition to this information provided to us by RBC we have drawn upon our market knowledge, our on site survey of the town centre and have referenced comprehensive sector databases (from Focus and EGi) to ensure that all land and properties that are

currently being advertised or actively marketed for office use were included in our analysis. We have found that a number of additional suites in Canon Newton House were being marketed, providing an additional 6,914 sqft/ 642 sqm of vacant office stock.

*Table 3.4: Redditch Town Centre – Vacant Marketed Office Floorspace, June 2012*

Property	Available Floorspace	
	Sqft	Sqm
Suite 3 Grosvenor House	6,143	571
Suite 4 Grosvenor House	1,606	149
Suite 9B Grosvenor House	2,650	246
Suite 11E Grosvenor House	763	71
St. Stephen's House	2,000-15,300	186 – 1,421
Duncombe House	915-2,191	85 – 204
2/4 Evesham, Street	3,203-6,461	298 – 600
16/18 Evesham Walk, Kingfisher Centre	1,978	184
Suite A, Canon Newton House, Kingfisher Centre	822	76
Suite B, Canon Newton House, Kingfisher Centre	1,315	122
Suite C, Canon Newton House, Kingfisher Centre	1,953	181
Suite D, Canon Newton House, Kingfisher Centre	936	87
Suite F, Canon Newton House, Kingfisher Centre	942	88
Suite G, Canon Newton House, Kingfisher Centre	946	88
Suite J, Canon Newton House, Kingfisher Centre	1,098	102
20 Unicorn Hill	2,150	200
Suite 4 Aspenwood House	1,272	118
5A Alcester Street	1,570	146
Threadneedle House	11,626	1080
Oak House	2,953	274
Beech House, 5 Church Green East	1,392-3,631	129 – 337
13 Church Green East	1,899	176
8A Church Green East	1,002	93
7 Church Green East	600	56
9 Church Green West	1,343	125
149 Ipsley Street	719	67
Evesham House, 20 Evesham Walk	1978	184
<b>TOTAL</b>	<b>75,847 (max)</b>	<b>7,046 (max)</b>



## Floorspace

- 3.34 RBC carried out an assessment of the total provision of office floorspace in the Study Area. The information, which was taken from the Valuation Office Agency (VOA) shows that total provision at July 2009 was around 27,000 sqm. We understand that this has yet to be updated for 2012 so as a result we have assumed that there has not been an increase in the office floorspace within the Study Area since the 2009 report. We provide a summary below at Table 3.5 of the office provision in the town centre compared to 2009 levels.

*Table 3.5 – Office Provision in the Study Area (2009-2012)*

Area	2009 provision <sup>8</sup>		2012 provision	
	sq m	sq ft	sq m	sq ft
Total Office Floorspace	27,358	294,474	27,358	294,474
Vacant Marketed Office Floorspace	5,240	56,406	7,046	75,847
% Vacancy Rate	19%		26%	

*Source: VOA, July 2009 and GVA 2009/ 2012*

- 3.35 Tables 3.4 and 3.5 indicate that currently there is a maximum of 75,847 sqft/ 7,046 sqm or 26% of vacant office stock being marketed in Redditch Town Centre that we are aware of. This high level of vacant office space within the town centre is indicative of the lack of demand for secondary town centre office accommodation in this location. The products on offer, some even offering refurbished space and data connectivity is not appealing to the current market.
- 3.36 The situation is exacerbated by the continuing current difficult prevailing economic conditions and an economy that has recently fallen into a double dip recession. Occupiers remain cautious and risk averse and as a result decisions with regard to relocation to alternative properties are being more carefully scrutinised and more often than not put on hold until market conditions and confidence returns to the market.

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<sup>8</sup> It should be noted that in the 2009 report, the vacancy rate was reported as 28%, which included Prospect House. However, Prospect House is outside of our study area, and we have therefore excluded it for comparable analysis purposes.

- 3.37 A historic consideration of vacancy levels within Redditch shows that levels have consistently been between 9-12% from 1998-2005, therefore it is likely that the current raised levels may well be reflective of the current economic climate. This is supported by the fact that our 2009 report also concluded an above average vacancy rate, also a time of economic uncertainty and recession. It would appear, as discussed above, that there are many factors as to why this may be the case. We shall examine this further in the following sections.

### Office Size

- 3.38 The 2009 Office Needs Assessment demonstrated that the majority of the office units available were under 200 sqm, with only two units over 1000 sqm (excluding office suites within Grosvenor House). Our 2012 analysis of the current vacant stock demonstrates that this continues to be the case. The average size of accommodation available in June 2012 is 258 sqm. However, this is skewed by St Stephen's House and Threadneedle House (both of which offer floor areas above 1,000 sqm). If we exclude these two properties from the data, the average size of accommodation available is 175 sqm). This ranges from 56 sqm – 600 sqm. This demonstrates that with a few exceptions, much of the office stock available is for small scale office suites below 600 sqm.

### Quality

- 3.39 Much of the existing office stock in the town centre ranges from pre-World War One units (particularly around Church Green East) to large scale purpose built 1960s - 80s properties. Many of these properties have been refurbished to various standards (for example the suites available within the Kingfisher Centre have all recently undergone a refurbishment programme). Almost half of the properties offered as available at the time of our report are in properties built between 1960 and 1980.
- 3.40 Our analysis shows that almost two thirds of the vacant office stock is within purpose built offices (for the purpose of this analysis we have treated the accommodation offered in the Kingfisher Centre as purpose built for offices). There are an equal number of properties offered above retail units or as standalone conversions (such as those along Church Green East).

- 3.41 There is no 'grade A' (prime, well maintained buildings with large column free floor-plates and high ceilings) office stock in Redditch Town Centre. There is a significant amount of 'secondary' office stock in Redditch of varying degrees of specification and quality, which potential occupiers regard as being of 'secondary' quality (secondary stock, some second hand, and usually of poorer quality compared to primary stock).
- 3.42 We understand that there are no pipeline office developments in Redditch Town Centre.

## Market Facing Approach

- 3.43 We have examined a number of factors that may affect the attractiveness of the properties to potential occupiers, these include the number of car parking spaces, building quality (external only), the external environment of the property (as it is outside of our current brief to internally inspect the properties), the average size and the length of time the property has been on the market.

## Car Parking

- 3.44 Many of the properties advertised do not offer car parking, in particular those properties that are within the pedestrianised retail centre (for example those within the Kingfisher Centre or Church Green East). While it may be possible for car parking spaces to be arranged through private car parking operators (for example through licence agreements), not providing guaranteed car parking spaces to staff and clients will be a deterrent for some businesses. Those occupiers that rely on passing trade or an active frontage are more likely to take spaces in these units.
- 3.45 The purpose built larger office accommodation at Grosvenor House and St Stephens House do offer car parking as part of their facilities and other accommodation do offer a limited number of spaces, although experience dictates that the car parking ratio may not be sufficient for modern day occupiers. Due to their town centre location it is expected that alternative and more sustainable transport modes would be utilised to access these facilities and that as a result fewer car parking spaces provided. This in theory is an accepted approach, the issue arises when town centre accommodation is being compared by occupiers to office space in an out-of-town setting which provides

ample car parking but its accessibility by other modes of transport is reduced. It then becomes an issue which is a priority requirement for the occupier.

- 3.46 For office occupiers that do not rely on passing footfall car parking is likely to be a key requirement for any potential occupiers considering alternative office locations. As a result, a town centre office offer is likely to only provide a limited stock of premises with sufficient car parking provisions. This is a particular issue in Redditch Town Centre and as a result the town centre is losing potential occupiers to purpose built out of town locations i.e. business parks where car parking is in good supply and is provided as part of the rental terms.

### Building Quality

- 3.47 On our site visit we assessed the external quality of the building using the following criteria;

- **Good condition** – lower than normal level of maintenance requirement within medium term.
- **Satisfactory condition** – normal level of maintenance and repair requirement within the medium term.
- **Fair condition** – capable of attracting satisfactory condition rating but with a notable backlog of maintenance and /or technical upgrading works required within the medium term.
- **Poor condition** – major repair and /or technical work required in the short term but capable of attaining with expenditure that does not exceed 50% of replacement cost.
- **Very poor condition** – as per as poor condition but level of expenditure required to obtain satisfactory condition exceeds 50% of replacement cost.

- 3.48 We assessed most of the available space (12 units) as being 'fair', with 1 unit as 'satisfactory' (Threadneedle House) and the remaining accommodation as 'good' (these are the units in the Kingfisher Centre, St Stephen's House and Grosvenor House, which have undergone recent refurbishment).

- 3.49 However, if we assess this on the basis of floorspace, 52% of the floorspace is considered to be satisfactory, with 32% good and 16% fair.

- 3.50 This analysis suggests that while the condition of the building is an important factor in occupational decisions it is not likely to be the main factor. If this was the case we would expect there to be few 'good' condition properties on offer, whereas we find that there is around a third of floorspace that is so classified.
- 3.51 Lessons should be learnt from the office stock that has remained vacant after undergoing refurbishment. This evidence suggests that there is not a case for undertaking extensive and often expensive refurbishments on similar properties that are currently classified as 'satisfactory' or 'fair', as it may well be that they will remain vacant once these refurbishments have taken place (such as is the case for the Kingfisher Centre properties).

## External Environment

- 3.52 We also had regard to the external environment of the property being advertised. This is important to consider in attracting certain occupiers. Those occupiers that rely on a degree of passing footfall will look for an external environment that is of high quality. As with the building quality, we assessed this in accordance with the following criteria;
- **Excellent quality environment** – extensive external public realm areas well maintained, road maintenance no issues, buildings of high quality external appearance for use, no derelict sites, vacant plots maintained.
  - **High quality** – less extensive landscaping but public realm maintained, road maintenance adequate but minor defects, buildings of appropriate quality, no derelict sites but vacant plots need some maintenance.
  - **Average quality** – few landscaped areas, and where present maintenance required. Buildings of average quality for use. Road maintenance some significant repairs needed, some derelict sites but not highly visible, vacant plots untidy and requiring major improvement.
  - **Below average quality** – maintenance of public realm poor, extensive repairs needed to roads, some open storage uses – vacant plots appear abandoned, buildings of below average quality.
  - **Very poor /poor quality** – evidence of fly tipping in public areas, roads system in need of complete overhaul, major /derelict sites, buildings of very poor /poor quality. Numerous open storage uses presenting poor image.

3.53 There were no properties that we considered to experience a below average or poor quality external environment. The properties broadly fell into the following areas;

- **Kingfisher Shopping Centre** – these properties were felt to have an excellent external environment, with extensive public realm and a good degree of maintenance (although as office units would be attractive to those occupiers that do not require passing footfall);
- **Church Green East** – the properties here were deemed to have a high quality external environment. Although not as highly maintained as the Kingfisher Centre, the pedestrianised location and public realm works (including benches and planting) contributed to a well maintained environment; and
- **Church Green West/ Prospect Hill** – the properties here were considered to have an average quality external environment. As the roads here were used (i.e. not pedestrianised) there was less opportunity for landscaping, with some minor road maintenance required.

3.54 As with the building quality, there are still a number of vacant units that experience an excellent external environment, therefore it would not be prudent to carry out extensive public realm improvements at great cost if this will not assist in ensuring the units are occupied.

## Agents and Owners Survey

3.55 To inform our analysis we have undertaken a survey of office owners and marketing agents, a copy of which is provided at **Appendix G**. The survey has been sent to all of the agents and owners (where information was known) of the vacant properties.

3.56 Responses received from local agents has helped inform our recommendations and has been useful in providing a local office market context, with particular regard given to the reasons for the high office vacancy rate in the Town Centre.

3.57 Many office properties have been vacant for over a year due to low levels of market demand taken alongside over supply of available property of a similar quality. Despite the introduction of different marketing techniques there has been little change with many agents reporting no viewings within the last 6 months and a continuing decline in

the overall market. Many agents have reported that occupiers also still have a requirement for car parking space in town centre locations.

- 3.58 In order to try and encourage lettings, some agents have been offering incentives to occupiers and have been negotiating on price to entice the occupier. One of the properties is being advertised on a room for room basis, which we understand is working well as it is attracting demand from small businesses that require smaller floorspace areas.

## Summary

- 3.59 We provide a summary below highlighting the key findings from our partial update of the office needs of Redditch Town Centre:

- Redditch has a high level (26%) of vacant marketed office stock with most of the premises not being 'fit for purpose' (68% of floorspace classified as being in either satisfactory or fair condition) and as a result there is little movement in the supply of vacant stock in the town centre;
- There is an over supply of office space in the town centre, which is specifically stark when contrasted to demand which is locally focussed. The current economic uncertainty, heightened by the double dip recession is continuing to impact upon occupiers who remain risk averse and are putting relocation options on hold until confidence returns to the market;
- The majority of available office space is small in size (with the exception of the edge of centre office blocks), most providing no or limited car parking provision. As a result the current demand for offices is largely derived from churn – existing local indigenous office occupiers who are looking for new premises on favourable terms in the town centre;
- The often expensive physical refurbishment of existing vacant stock including increasing data connectivity that has been undertaken in certain town centre properties has made little impact on attracting tenants or in increasing the attractiveness of the town centre office product to the potential occupier and so we would caution an approach that considered this to be the answer to the current low demand as experience is showing that this is not the case; and



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- There has been little office development in the town centre in recent years, meaning that existing secondary stock is perceived by the consultants as 'fired' and is as a result unattractive to the needs of modern, larger footloose companies.
- 3.60 Our assessment implies that whilst the quality of the 'product' is a key issue another factor for the static office market is the location of the properties i.e. town centre with the town often losing potential occupiers to purpose built business parks in out of town locations which provide tenants with on site car parking provision, data connectivity and excellent access to the infrastructure network. If this is the case then the Council will need to give some consideration to their next steps with regard to the future utilisation of this vacant office floorspace in the town centre. We provide our thoughts on this in our final section of this report.
- 3.61 We understand that the Council are investigating possibilities of removal of further Town Centre office provision in favour of small scale office provision that will meet local occupier demand on its urban extension proposed in the Local Plan.
- 3.62 In our final section we identify the key conclusions from this Study and our recommendations for Redditch Borough Council.

## 4. Conclusions and Recommendations

- 4.1 We provide below the key conclusions from both the retail and office needs partial updates and key recommendations for the Council in light of the findings.

### Overview of Key Conclusions

#### Retail Needs

- 4.2 The prevailing economic conditions coupled with an increasing reliance upon e-tailing (internet shopping) have impacted upon all retail sectors with town centres bearing the brunt of such changes. There have been a number of high profile national brands that have gone out of businesses changing the look of the traditional town centre high street forever.
- 4.3 As a result the number of vacant units has increased (15% in Redditch, which is slightly above the national average), some remaining empty for many months which only serves to have a negative impact on the perception of a town's vitality and viability. The majority of the vacancies in the town are outside of the Kingfisher Centre.
- 4.4 The retail sector, like other commercial sectors, remains risk averse with key investment decisions only developed once certainty is achieved, risks mitigated and a deliverable/ profitable scheme confirmed.
- 4.5 Redditch, like many other similar towns has seen a decrease in retail activity amongst most of its markets with comparison retailing still the dominant retail type and convenience retail vastly underrepresented in the town centre (2% of total floorspace), well under the national average (17% of total floorspace) and one that has reduced since 2008.
- 4.6 There is though significant latent demand from occupiers seeking a presence in the town centre, whilst this is positive it has become clear that the current supply is unsuitable to meet the interested retailer's requirements.

## Office Needs Overview

- 4.7 The current economic uncertainty confirmed by the recent return to recession conditions is continuing to impact upon office occupiers who, similar to the retail sector, remain risk averse and as a result are putting relocation decisions on hold until confidence returns to the market.
- 4.8 Redditch has a high level (26%) of vacant secondary office stock with most of the premises not being 'fit for purpose' (68% of floorspace classified as being in either satisfactory or fair condition) and is perceived as being unattractive to the needs of modern, larger footloose companies. As a result the supply is longstanding with demand unaffected by attempts to increase the properties market attractiveness through the refurbishment of vacant space. Demand is very low with most interest coming from existing local indigenous office occupiers looking for new premises on better terms.

## Recommendations for the Future

### Retail Needs – Next Steps

- 4.9 As our conclusions indicate there is significant latent demand from occupiers seeking a presence in the town centre with the greatest demand from comparison retailers. As the current supply is unsuitable to meet the interested retailer's requirements we recommend that the Council gives careful consideration to the means by which change can be brought about which will help raise the profile of the town centre and in due course attract new occupiers.
- 4.10 It is our view that there are opportunities for Redditch to develop a vibrant town centre, our initial thoughts on how this could be achieved are summarised below:
- Engage with the market (particularly those companies with an active interest in the town centre) to understand their requirements and to consider how these needs could be met;
  - Take a flexible approach to the reconfiguring and refurbishment of existing vacant retail premises to provide a product that is attractive to the market;

- Be responsive to the needs of the market and show policy flexibility with regard to the potential change of use of vacant units i.e. by allowing a change of use to encourage more leisure, community, cultural or other facilities, which may in turn increase footfall into the town centre and aid in developing an evening economy;
- Consider opportunities, subject to funding support, with current occupiers/ developers for land assembly to bring forward markets facing purpose built scheme/s that would meet current demand; and
- Market and encourage the demand for convenience retail and restaurant, café and take away uses which will assist in addressing the current under representation of these areas. It may also address some of the competition from out-of-town locations, where there are a number of large convenience stores and assist in developing an evening economy in the town centre.

### Office Needs - Next Steps

- 4.11 As our assessment implies that there are two key factors for the static office market; the quality of the 'product' offered and the town centre location of this vacant office stock that is currently detracting potential occupiers.
- 4.12 If this is the case then the Council will need to give due consideration with regard to the future utilisation of this vacant office floorspace in the town centre. It is apparent that the Council has two options:
1. Look to raise the profile of the office market in Redditch town centre; or
  2. Take a pragmatic approach to the expected demand in the medium and longer term for this type of space and consider whether planning policy support could be developed to consider change of use/ redevelopment opportunities.

- 4.13 We consider each of these scenarios below.

#### *Raising the Profile of the Office Market*

- 4.14 The desire for local businesses, in particular, to be located within the town centre is high and key occupier requirements within the town centre are affordable rental levels, flexible accommodation and a location accessible to major transport routes, all of which the Redditch available stock provides.

- 
- 4.15 In the short term the Council would need to work with the owners and agents to offer incentives for potential tenants to include rent free periods, reduced/ free public transport and reduced parking prices etc.
- 4.16 In order to target such occupiers we would recommend that the Council undertakes a marketing campaign to raise the profile of the place as a destination for office based occupiers.
- 4.17 In recent years occupiers in certain sectors are increasingly looking to town centre locations for reasons of sustainability, profile, transport links and supporting amenities. The proximity of the train station to the town centre (with a frequent link to Birmingham city centre and the wider conurbation) provides Redditch with a advantage over competitor centres such as Bromsgrove and Worcester.
- 4.18 It will be essential therefore, that there is a step change in the way that the Council promotes the town centre and its image as an office location. This "place marketing" should be undertaken by the local authority in partnership with the local business community in order to raise the profile of the town centre and attract potential occupiers. We would also recomend that the Council identifies key market sectors that could be attracted to Redditch town centre, in particular those sectors that have higher levels of demand than current target sectors.
- 4.19 Opportunities will need to be considered for increased public sector intervention in land assembly to ensure that the town centre has a balanced portfolio of 'fit for market' land and premises available once investor confidence returns to the market to attract high profile investors.
- 4.20 In order to deliver the scale of office development required, Redditch town centre will need to offer a different office product to what is currently available, to include new modern office buildings with flexible space that meets occupiers needs and is capable of accommodating medium to large businesses. The refurbishment of existing office properties in Redditch to higher standrads to achieve this has not been successful as vacancies remain in these properties.

#### *Redevelopment*

- 4.21 The consideration of such a scenario would be a key political decision for the Council which will require extensive engagement across Council departments and at a

minimum planning policy support. This is predicated on an assumption that the current depressed levels of office demand will be maintained and vacancy levels continue to increase. If such a scenario materialised and increased numbers of vacant units appeared this would have a negative impact upon the profile of the town centre and its perceived vitality and viability. The perception to the market would be of a town centre in decline.

4.22 If the Council wished to consider intervening to help raise the profile and offer of the town centre and its attractiveness to the market we would recommend the following approach could be taken:

- Confirm the level of office floorspace it would need to retain to meet future needs and ring fence the amount of floorspace;
- Undertake a feasibility study to identify existing office developments and adjacent uses that are surplus to requirements to facilitate land assembly;
- Engage with partners including the local business community and the market to identify sectors to target that would have demand for such an opportunity;
- Develop site specific Options, prepare a Development Brief, an accompanying Master plan and undertake a viability assessment to consider the feasibility of redevelopment for alternative uses;
- Undertake a soft market testing exercise to ascertain likely market demand for such a scheme; and
- Due consideration could then be given to land assembly, timescales for delivery and implementation including obtaining planning consent.

4.23 This scenario may just be the opportunity that the Council needs to target investment in the town centre to growth sectors where there is current latent demand as part of a mixed use redevelopment scheme.

4.24 We recognise that this is a radical option but we felt duty bound to identify its potential for consideration. We have not identified potential areas for redevelopment within the town as it is outside the scope of our current brief.

## APPENDIX A – POLICY CONTEXT



## **Policy Context - Redditch**

Some of the most relevant pieces of National and Regional planning policy relating to Town Centres and retailing in Redditch are detailed below. This policy background details the approach taken toward retailing within Redditch and the implications of future policies.

On the 27<sup>th</sup> March 2012 the Department for Communities and Local Government published the National Planning Policy Framework (NPPF), designed to simplify the planning system. The NPPF sets out the Government's planning policies for England and has replaced all Planning Policy Statements (PPS). It is therefore important to ensure that the Redditch Local Plan is prepared with this guidance taken into account. This Appendix reviews the current system of planning at the national, regional and local level.

### **National context**

The most relevant Planning Policy Statement replaced was PPS4: Planning for Sustainable Economic Growth. This was the main Government policy for Retailing and Town Centres and has now been replaced with Section 2 of the NPPF;

#### *2. Ensuring the vitality of town centres*

*Planning policies should be positive, promote competitive town centre environments and set out policies for the management and growth of centres over the plan period. In drawing up Local Plans, local planning authorities should:*

- *Recognise town centres as the heart of their communities and pursue policies to support their viability and vitality;*
- *Define a network and hierarchy of centres that is resilient to anticipated future economic changes;*
- *Define the extent of town centres and primary shopping areas, based on a clear definition of primary and secondary frontages in designated centres, and set policies that make clear which uses will be permitted in such locations;*
- *Promote competitive town centres that provide customer choice and a diverse retail offer and which reflect the individuality of town centres;*
- *Retain and enhance existing markets and, where appropriate, re introduce or create new ones, ensuring that markets remain attractive and competitive;*
- *Allocate a range of suitable sites to meet the scale and type of retail, leisure, commercial, office, tourism, cultural, community and residential development needed in town centres. It is important that needs for retail, leisure, office and other main town centre uses are met in full and are not compromised by limited site availability. Local planning authorities should therefore undertake an assessment of the need to expand town centres to ensure a sufficient supply of suitable sites;*
- *Allocate appropriate edge of centre sites for main town centre uses that are well connected to the town centre where suitable and viable town centre sites are not available. If sufficient edge of centre sites cannot be identified, set policies for meeting the identified needs in other accessible locations that are well connected to the town centre;*
- *Set policies for the consideration of proposals for main town centre uses which cannot be accommodated in or adjacent to town centres;*
- *Recognise that residential development can play an important role in ensuring the vitality of centres and set out policies to encourage residential development on appropriate sites; and*
- *Where town centres are in decline, local planning authorities should plan positively for their future to encourage economic activity.*

The main thrust of PPS4 has been carried into the NPPF, with an overarching objective to improve the town centres vitality and viability. The NPPF also states that "significant weight" should be placed on the need to support economic growth through the planning system and those policies must focus upon meeting the identified "need" for new retail, leisure, tourism and commercial development within existing centres. Where this cannot be achieved, the Framework requires that appropriate sites should be allocated to meet the full extent of the identified need having regard to the sequential approach to site selection.

The NPPF introduces a plan-making policy objective to promote diversification in the retail offer of existing centres in order to promote individuality and a policy objective to retain, enhance, and where appropriate introduce new markets into existing centres. Both of these were recommendations of The Portas Review (December 2011).

The sequential and impact tests for retail, office and leisure proposals remain, requiring in-centre sites to be considered before edge or out-of-centre locations, although the test has been reduced to two impacts – impact on in-centre investment and vitality and viability (including trading impact).

The NPPF advises that where a proposal fails to satisfy the sequential test or gives rise to significant adverse impacts it should be refused. The implication being that where such conflicts not identified, planning permission should be granted.

The NPPF also advises that for 'major schemes' impact should be assessed up to ten years from the time the application is made. However, there appears to be no direct requirement to consider the cumulative effects of committed retail developments, as was previously the case under PPS4.

## **Regional Context**

The West Midlands Regional Spatial Strategy, introduced in June 2004, identified Redditch as a settlement needing major retail development. However, within the Phase Two Revision of the RSS, Redditch was identified as a settlement of significant development (SSD) and therefore considered capable of balanced and sustainable growth. However, this designation was removed in the panel report (Sept 2009).

Redditch will therefore not be expected to accommodate development above its own natural growth, however the retail and office provisions up to 2026 still remains at 50,000 sqm and 45,000 sqm respectively.

In seeking to meet these regional requirements, the Local Plan identifies the principal sustainable area for development as within Redditch Town Centre and that development should be focused there rather than the other centres across the Borough. However, it does also identify the importance for services and facilities to be made available for local neighbourhoods.

### **West Midlands Regional Centres Study**

In March 2006, Roger Tym and Partners with King Sturge undertook a strategic assessment of retail, leisure and office facilities in the West Midlands Region on behalf of the Regional Assembly. This study was updated in November 2007 in order to provide indicative floorspace requirements for the period 2021 to 2026. In terms of Redditch, the study estimated that the range of comparison goods sales area requirements up to 2026, before commitments, would be between 33,000 and 41,000 sqm net based on ONS estimates of population growth.

Given the coalition Governments intention to abolish Regional Spatial Strategies and after considering the planning and legal status of Regional Strategies, the West Midlands Regional Spatial Strategy continues to be a material consideration until the Secretary of State abolishes the regional tier in the Development Plan in line with the provisions in the Localism Act.

### **Town Centre & Retail Study (2008)**

In September 2008, White Young Green produced a Retail Capacity Study for the Council, to help inform policies of the emerging Local Development Framework (LDF). The key objectives of the Study have been outlined below, however, it should be noted that this study was very much 'of the time', and since the study was completed the economy has entered a double dip recession, which has had dramatically impacted on the conclusions drawn;

#### **1. To assess retail expenditure capacity up to 2026**

The Study showed that the retail market is continually changing as a result of shifts in demographics, increasingly restrictive planning policies and technological advancements, such as e-tailing. Research undertaken suggested that increases in retail spending would be mainly driven by comparison goods.

#### **2. To undertake a household shopping survey to establish shopping patterns and to inform the health checks of Redditch Town Centre and the District Centres in Redditch**

In April and May 2008 a survey of 1,017 households was undertaken, which comprised the whole of Redditch Borough and extended into the neighbouring local authority areas of Stratford-on-Avon, Bromsgrove and Wychavon. In addition, an on-street

survey was undertaken in April 2008 in Redditch Town Centre in order to identify the views of existing shoppers, including their perception of the town centre and how it could be improved. This survey provided important information on consumer preferences in relation to where people shop and live, and was used to calculate any potential capacity for future floor space within the Borough.

The percentage of floorspace devoted to convenience retailing is 2%, indicating that the food offer in Redditch town centre is comparatively poor. It should be noted that the on-street survey results revealed that 20% of respondents considered that 'better foodstore provision' would improve Redditch town centre and make it more attractive. The number of comparison shops in the centre has increased from 99 to 112 between 1997 and 2008, and now totals 70% of total floorspace. This information indicates an overriding need for convenience goods floorspace.

**3. To provide a town centres and retailing strategy for the Borough in the context of the wider sub-regional hierarchy and to present an appraisal of alternative sites for retail development in accordance with the requirements of the sequential approach set out in PPS6**

The study concluded that significant levels of additional convenience and comparison goods floorspace over the period to 2026 was required. The Study concluded that a maximum of 172,000 sqm net additional comparison goods floorspace in a high growth scenario situation and 62,000 sqm low growth scenario up to 2026 and 28,000 sqm up to 2018. The low growth scenario figure was a more appropriate figure and in line with the suggested level of the RSS. It is important to note that these statistical tables are based on projections of market share taking into account population increases, expenditure growth and other factors affecting future spending patterns at the time of the study.

**How have things changed?**

Evidence from the 2008 RBC Retail Needs Assessment indicated that Redditch has very accessible and popular shopping facilities attracting shoppers from a wide catchment area outside of the Borough's boundary's. However it is clear from the policy changes detailed above and information contained within this partially updated retail needs assessment that there has been a shift in the approach towards town centre retailing particularly as a result of the recession.

There continues to be a high vacancy rate within the primary shopping area in terms of the number of units that are not let and information shows that Redditch Town Centre vacancy rate outside of the Kingfisher Centre at present is higher than the national average at 15%. Furthermore, there is very little in terms of an evening economy and very little available within the town centre for families.

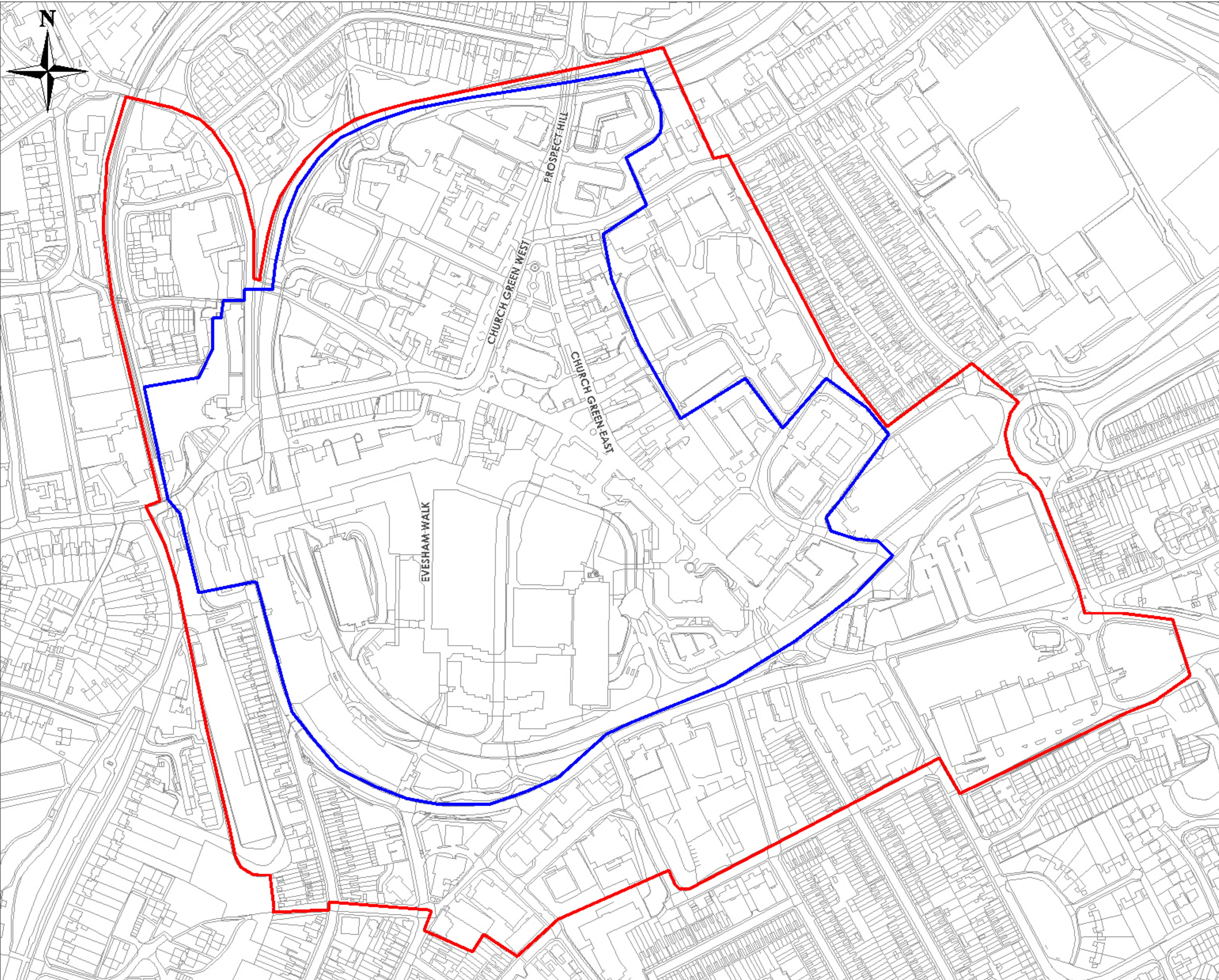
The Portas Review shows that traditional High Streets can no longer function purely for shopping and the heart needs to be brought back into the centre of our high streets so they can be seen as destinations for socialising, culture, health, wellbeing, creativity and learning etc. As the profile of the centre is raised these places will have opportunities to develop and sustain new and existing markets and businesses. New high streets shouldn't just be about selling goods but should offer a mixed use environment that include shops but also housing, offices, sport, schools or other social, commercial and cultural enterprises and meeting places.

### **Key Findings**

With this information in mind, changes in current market conditions and trends within e-tailing, it is both unrealistic and undeliverable to accommodate the 50,000 sqm identified by the Regional Spatial Strategy. The Regional Centres Study Update carried out in 2009 by Roger Tym Associates stated a minimum of 31,000 sqm and maximum figure of 39,000 sqm of comparison floorspace was required by 2026 as opposed to the RSS figure of 50,000 sqm. Evidence shows that comparison retailers have been hit the hardest in the economic downturn and EGi 2012 shows retailer demand for comparison floorspace only amounts to approx 20,000 sqm of floorspace with a further 10,000 sqm required for convenience retailing. Taking this evidence into account it is appropriate to direct a new level of retail growth to the Town Centre to contribute towards the redevelopment and diversification of the Town Centre of a maximum of 30,000 sqm up to the end of the Plan period. A Town Centre health check will be carried out on a yearly basis to examine existing and new retail to monitor this provision level. This plan period seeks to improve the vitality and viability of the centre as a destination so that comparison retailing can thrive in the next plan period.

# APPENDIX B – TOWN CENTRE STUDY AREA PLAN





## Redditch Town Centre Areas

### Key

- Town Centre Boundary\*
  - GOAD Map Boundary\*
- \*as defined by RBC

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# APPENDIX C - PORTAS RECOMMENDATIONS SUMMARY

## **The Portas Review**

### **An independent review into the future of our high street**

#### **Summary of recommendations**

1. Put in place a "Town Team": a visionary, strategic and strong operational management team for high streets
2. Empower successful Business Improvement Districts to take on more responsibilities and powers and become "Super-BIDs"
3. Legislate to allow landlords to become high street investors by contributing to their Business Improvement District
4. Establish a new "National Market Day" where budding shopkeepers can try their hand at operating a low-cost retail business
5. Make it easier for people to become market traders by removing unnecessary regulations so that anyone can trade on the high street unless there is a valid reason why not
6. Government should consider whether business rates can better support small businesses and independent retailers
7. Local authorities should use their new discretionary powers to give business rate concessions to new local businesses
8. Make business rates work for business by reviewing the use of the RPI with a view to changing the calculation to CPI
9. Local areas should implement free controlled parking schemes that work for their town centres and we should have a new parking league table
10. Town Teams should focus on making high streets accessible, attractive and safe
11. Government should include high street deregulation as part of their ongoing work on freeing up red tape
12. Address the restrictive aspects of the 'Use Class' system to make it easier to change the uses of key properties on the high street
13. Put betting shops into a separate 'Use Class' of their own
14. Make explicit a presumption in favour of town centre development in the wording of the National Planning Policy Framework
15. Introduce Secretary of State "exceptional sign off" for all new out-of-town developments and require all large new developments to have an "affordable shops" quota

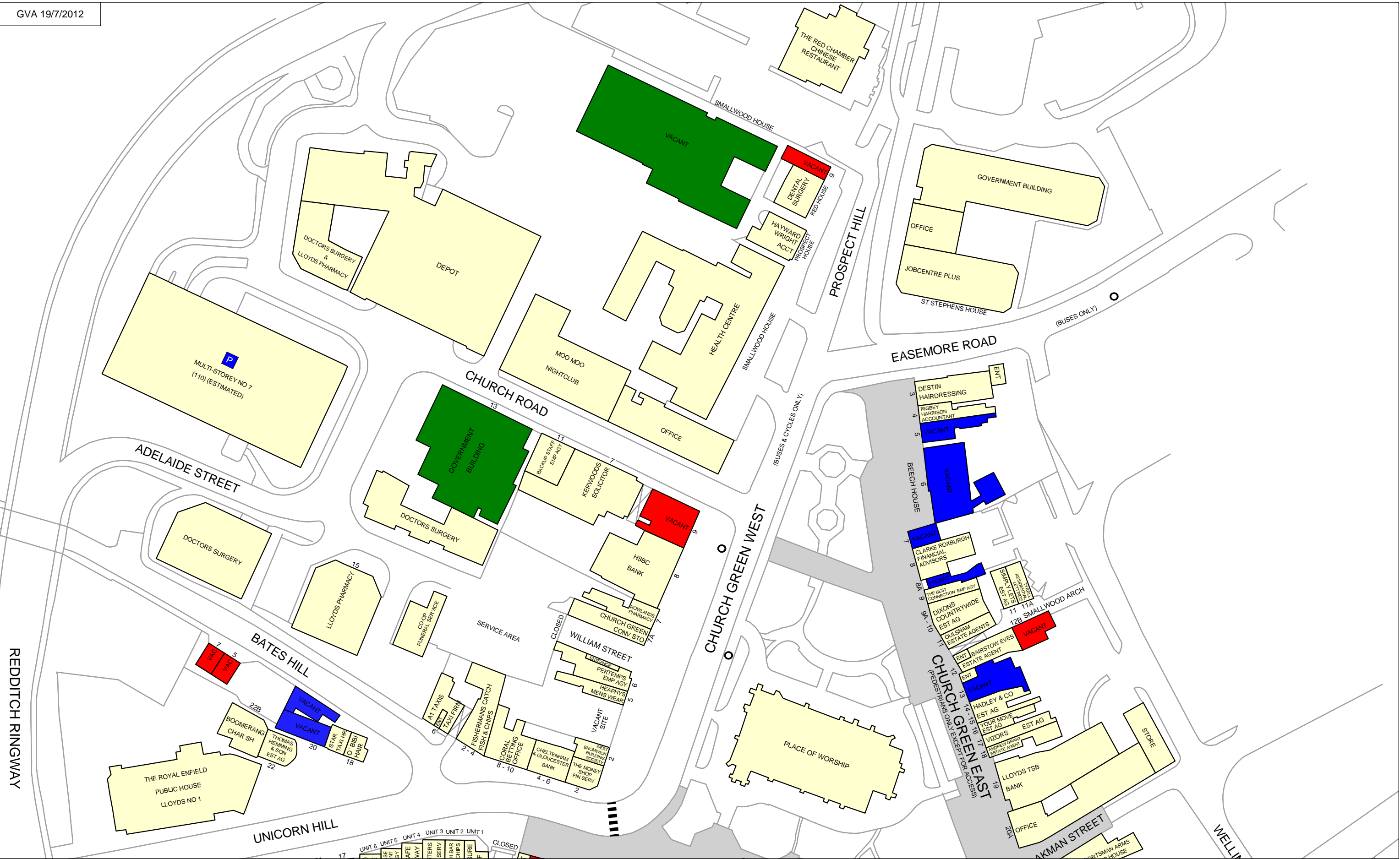
16. Large retailers should support and mentor local businesses and independent retailers
17. Retailers should report on their support of local high streets in their annual report
18. Encourage a contract of care between landlords and their commercial tenants by promoting the leasing code and supporting the use of lease structures other than upward only rent reviews, especially for small businesses
19. Explore further disincentives to prevent landlords from leaving units vacant
20. Banks who own empty property on the high street should either administer these assets well or be required to sell them
21. Local authorities should make more proactive use of Compulsory Purchase Order powers to encourage the redevelopment of key high street retail space
22. Empower local authorities to step in when landlords are negligent with new "Empty Shop Management Orders"
23. Introduce a public register of high street landlords
24. Run a high profile campaign to get people involved in Neighbourhood Plans
25. Promote the inclusion of the High Street in Neighbourhood Plans
26. Developers should make a financial contribution to ensure that the local community has a strong voice in the planning system
27. Support imaginative community use of empty properties through Community Right to Buy, Meanwhile Use and a new "Community Right to Try"
28. Run a number of High Street Pilots to test proof of concept

# APPENDIX D – TOWN CENTRE SURVEY – OCCUPANCIES AND VACANCIES BY TYPE

## Key to attached plan

Use
RETAIL
OFFICE
MISCELLANEOUS

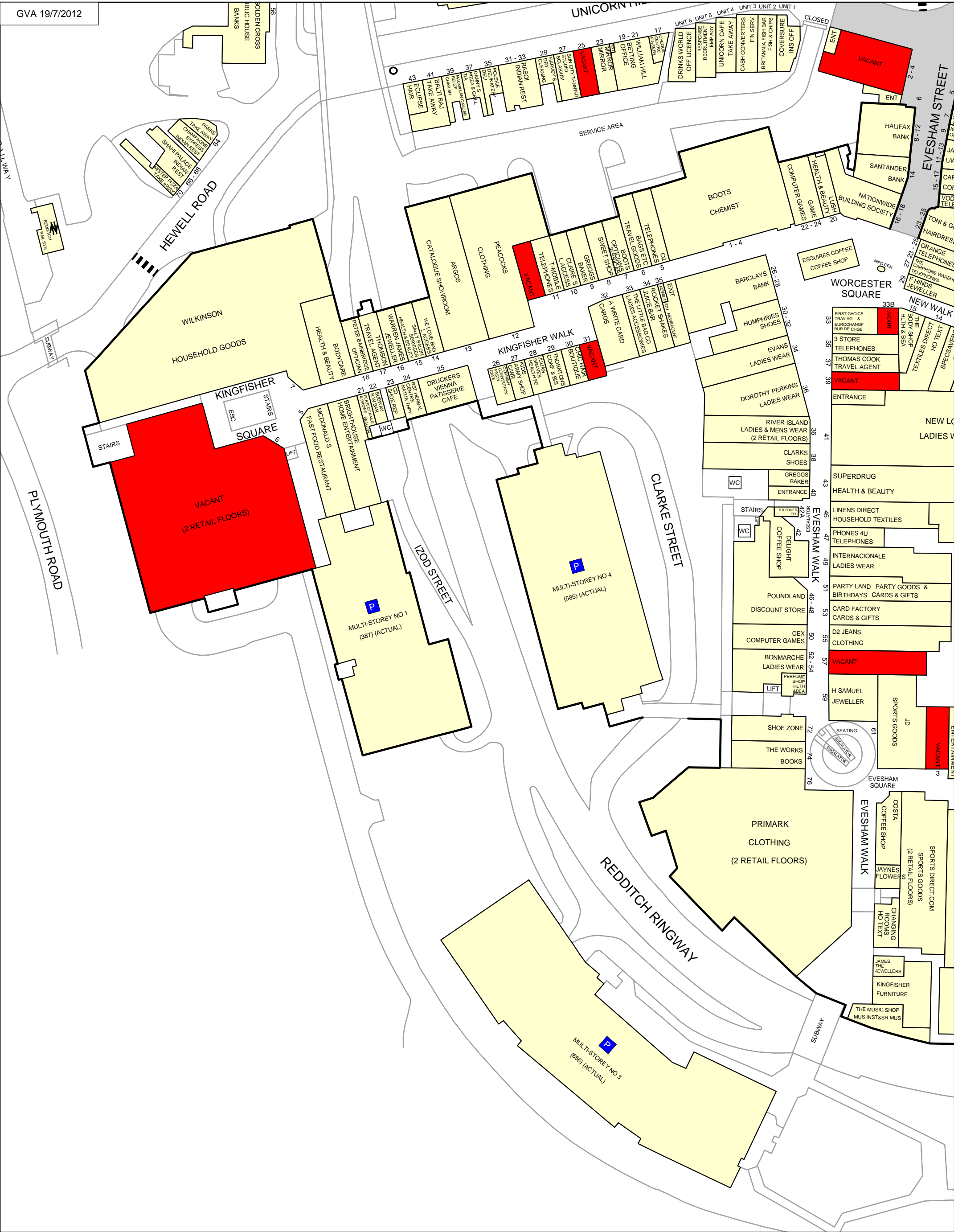
GVA 19/7/2012







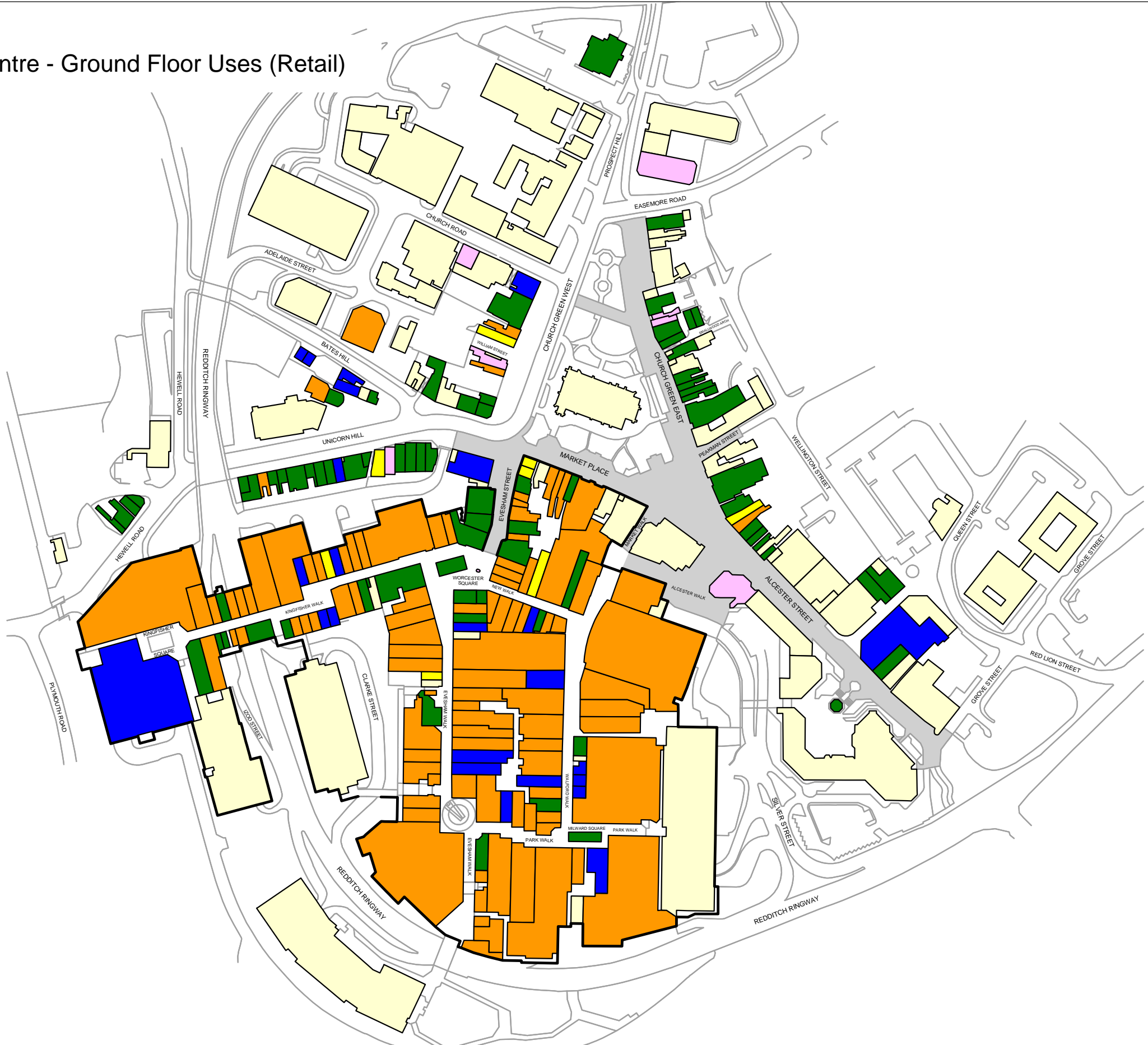
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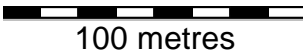
## APPENDIX E – TOWN CENTRE SURVEY: RETAIL USES BY TYPE

Redditch Town Centre - Ground Floor Uses (Retail)



**Key**

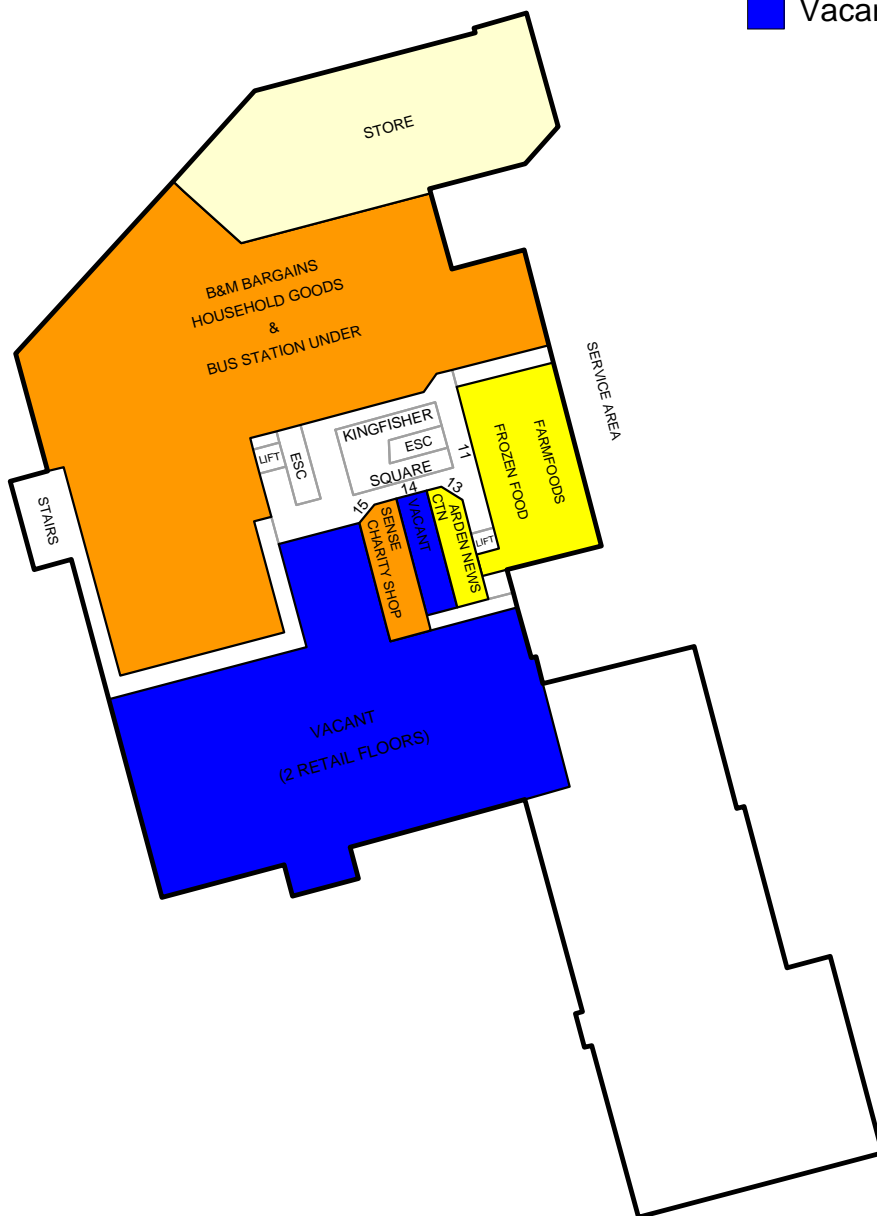
- Convenience
- Comparison
- Service
- Miscellaneous
- Vacant



GVA 19/7/2012

## Key

- Convenience
- Comparison
- Service
- Miscellaneous
- Vacant



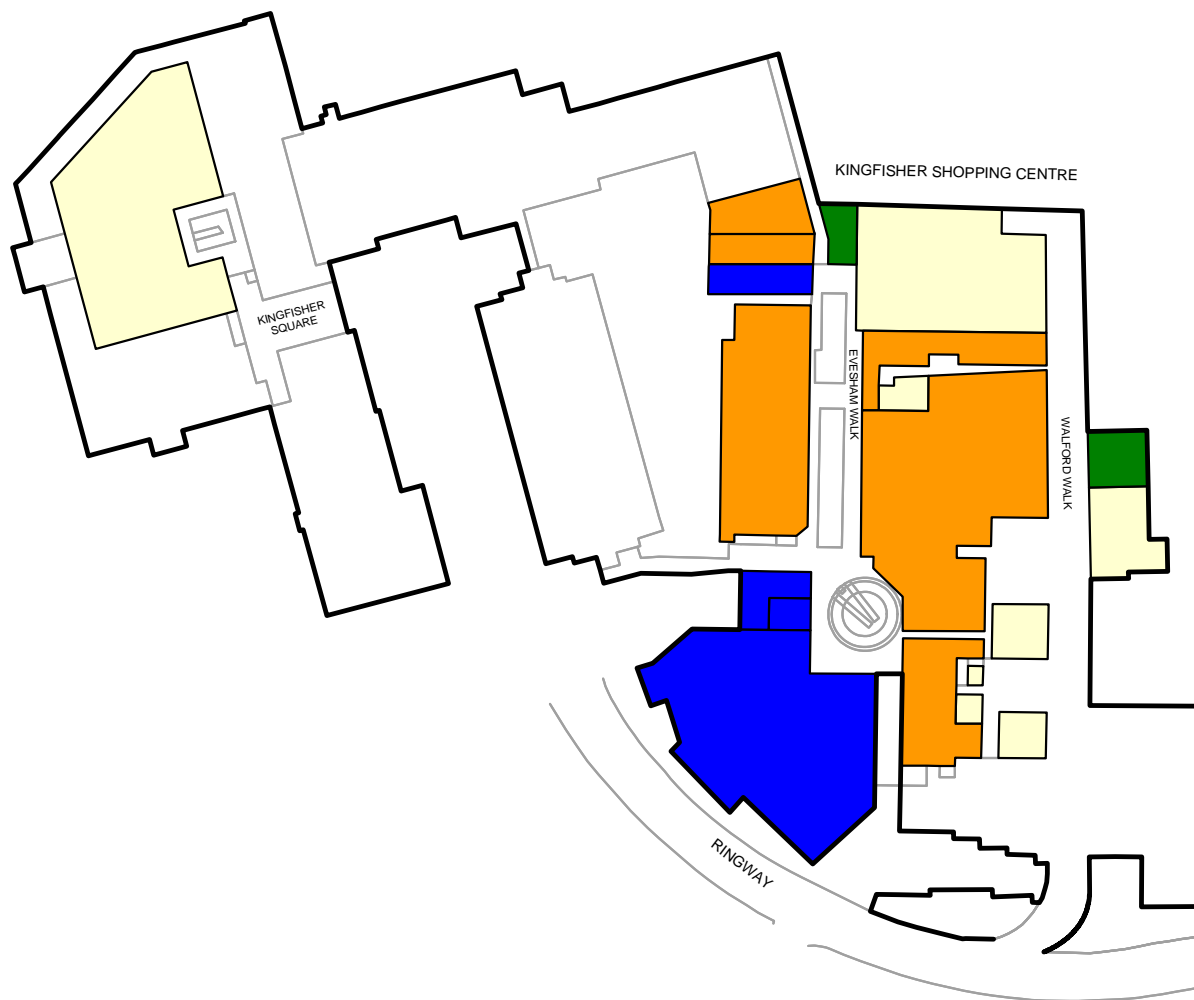
50 metres

GVA 19/7/2012

## Redditch Town Centre Upper Floor Uses (Kingfisher Centre)

### Legend

- Convenience
- Comparison
- Service
- Miscellaneous
- Vacant



100 metres

## APPENDIX F - LEAKAGE

## Leakage

The 2008 Redditch Retail Study, undertaken by White Young Green indicates that just half of the total comparison goods spend is spent within Redditch. The leakage comprises a 44% spend in surrounding towns and 7% on internet shopping.

The largest type of comparison spend is food totalling £315m. 58% of the main food shop is done within Redditch, with Tesco being especially dominant with 30% of the takings. Morrisons and Sainsbury's have an equal share of the remaining market with roughly 11% each. The rest are made up of independent retailers and other supermarkets, each taking a small percentage of the market. Almost half of food spend outside of Redditch takes place in Bromsgrove between Asda and Morrisons.

On clothes and shoes in total it is estimated £146m is spent. Of that 54% is spent within Redditch. Of the remaining leakage roughly 7% is spent in Stratford upon Avon and Birmingham City Centre. Other significant leakage areas include Touchwood Solihull, Bromsgrove and Merry Hill. 5% is also spent on the internet and home delivery.

Furniture expenditure totals £60m. Just 35% of this is spent in Redditch, with 65% of Redditch residents choosing to shop elsewhere. Almost 16% of leakage is spent in Bromsgrove and 8% in Birmingham. Solihull and Droitwich have roughly 6% each and the rest of the leakage is split between other surrounding areas, with the majority of these being less than 1%.

DIY expenditure by residents of Redditch totals £48m, with expenditure within Redditch totalling 67%, 48% of that being spent in B&Q Redditch. Other large retailers include Homebase (8%) and Wickes (2%). The 33% leakage is mainly spent in Focus (with garden centre) in Bromsgrove amounting to 11%, 4% in B&Q Stratford upon Avon and 5% in Bromsgrove.

Electrical expenditure totals £72m, with 46% being spent in Redditch. 15% of the leakage is spent in Bromsgrove & Touchwood Solihull, the largest leakage areas. A further 3% is spent in both Stratford upon Avon and Birmingham. Other small leakage areas include Worcester, Merry Hill and Droitwich at around 2% each. Another large leakage is online spend and home delivery amounting to 15% (£11m).

Books, CD's & DVD totals £28m, with 44% of expenditure spent within Redditch. The main leakage areas include Bromsgrove (11%) and Stratford upon Avon (6%). Almost a quarter of the total sales are spent on the internet and home delivery.

Small household goods purchases add up to £78m, with about half being spent in Redditch town centre. Outside of Redditch 13% is spent in Bromsgrove, with around 5% being spent in Stratford upon Avon, Touchwood Solihull and Birmingham. The internet has a relatively low expenditure of 6%.

Toys, games and recreational goods totals £104m with 42% being spent in Redditch. Outside of Redditch the largest leakage areas are Touchwood Solihull and Bromsgrove at 9% each. Other areas that amount to less than 5% include Stratford upon Avon, Shirley centre and Birmingham city centre. Internet expenditure amounts to 11%.

Chemist goods expenditure is £79m, with expenditure within Redditch amounting to 53%, with 8% of this within Tesco. Outside of Redditch 19% is spent in Bromsgrove. 5% is purchased in a supermarket. Alcester and Stratford upon Avon amount to 4% each. Internet expenditure is very low at just 1.6%.

Below is a table summarising the results.

Type	Total Expenditure (£m)	% spent in Redditch	% Leakage	Top 3 leakage areas	% Internet
Food	315	58	39.2	Asda, Bromsgrove (13.5%) Morrisons Bromsgrove (7.4%) Morrisons Rubery (2.6%)	2.8
Clothes	146	53.9	41	Stratford upon Avon (6.6%) Birmingham (7.2%) Bromsgrove (5.5%)	5.1
Furniture	60	34.5	61.7	Bromsgrove (15.9%) Birmingham (8.4%) Droitwich (6.1%)	3.8
DIY	48	66.9	32.4	Focus, Bromsgrove (11.3%) B & Q Stratford (3.6%) Bromsgrove (5.3%)	0.7
Electrical	72	46.4	38.4	Bromsgrove (8.1%) Touchwood, Solihull (7%) Birmingham (3.6%)	15.3
Books, CD's, DVD's	28	43.9	33.1	Bromsgrove (10.6%) Stratford upon Avon (6%) Birmingham (3.6%)	23
Small Household Goods	78	48.6	45	Bromsgrove (13%) Touchwood (5.9%) Stratford (4.9%)	6.4
Toys, Bicycles & Recreational Goods	104	42.1	46.7	Touchwood, Solihull (8.7%) Bromsgrove (9.3%) Stratford upon Avon (4.6%)	11.2
Chemist	79	52.8	45.7	Bromsgrove (18.9%) In a supermarket (5.3%) Alcester (4%)	1.6

## Recommendations

Just 35% of furniture expenditure is taking place in Redditch. With a potential market value of £60m, Redditch should be encouraging a new large furniture retailer to the area.

Toy and recreational goods shops should be promoted owing to the 47% leakage and the potential market value of £104m.

Although this research provides an insight into spending habits it is difficult to apply much weight to it, owing to the change in market conditions between when it was done and now. Although this has changed the amount spent, the percentages may hold true. The other limitation is how many people were surveyed and whether they represent the true spending habits of people in Redditch.

# APPENDIX G – OFFICE OWNERS/ AGENTS SURVEY QUESTIONNAIRE TEMPLATE



## **Office Needs Assessment – Questionnaire for Agents/ Owners**

### Location

Question for Owners - What were the reasons for choosing this location?

### The Property

What are the positive attributes of this property?

What are the negative attributes of this property?

Some properties in Redditch have been described as 'tired'. How would you rate this property? (*Brand new, high specification, good quality/second hand, medium quality/second hand, budget*)

How much parking provision is associated with this property? (*Ratio if known or parking spaces per sq ft*)

Does the property need to be upgraded to meet the criteria of the Disabled Discrimination Act?

Does this property provide broadband?

Do you think that the property is fit for purpose?

If not, what is the extent of the issues? (*Superficial, structural, windows/ insulation, air con/ heating, fixtures/ fittings, connectivity or future proofing for 21<sup>st</sup> century*)

Question for Owners - What would motivate you to improve the quality?

### Vacancy

When did the last tenants vacate?

Do you know the reasons why?

What in your opinion are the reasons why this property has been vacant for so long?

Question for Owners - If the property remains vacant will you consider moving on/ selling up? Any timescale?

### Current Marketing

How have you marketed this property? (e.g. *FOCUS, PROPRT, Worcestershire Property Search, mail shot etc.*)

What is the market demand for this property? (*Quantify*)

How many viewings in the last 6 months?

What difficulties have you encountered during the marketing of this property?

### Future Marketing Strategy

What are the obstacles preventing this property being actively kept in employment use?

Question for Owners - Have you considered investigating the possibility of an alternative use for this property?

What kind of security are you looking for from prospective tenants? (*i.e. Bank, Ltd companies, proven track record*)

### Rental Terms

Do you think the asking price/ rent reflects the condition?

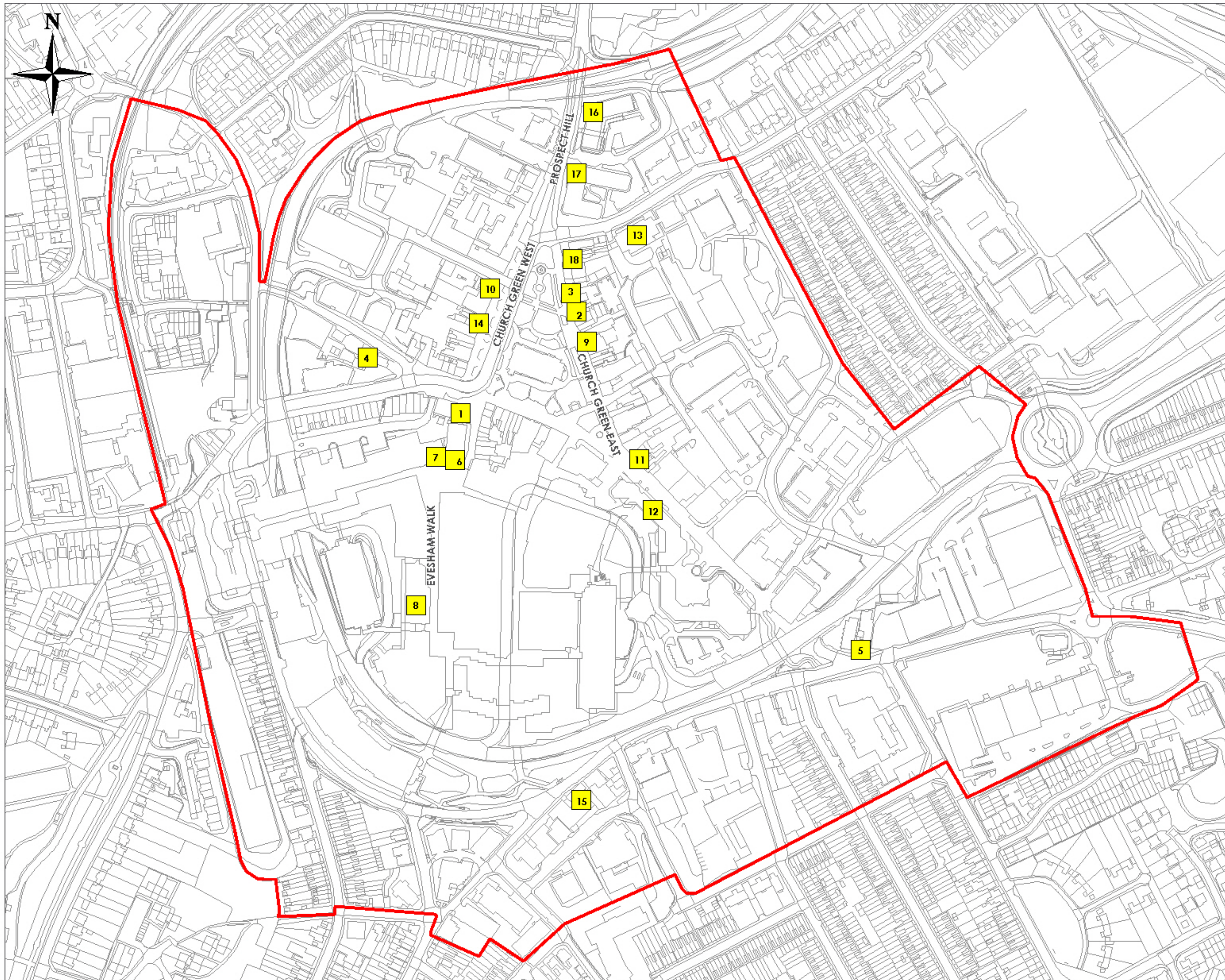
What lease terms are offered?

Are you offering any incentives to attract tenants? (*e.g. rent free periods/ early break clauses etc*)

### Any other comments

## APPENDIX H – VACANT OFFICE STOCK PLAN





## Map of Vacant Office Stock

### Key

— Town Centre Boundary as defined by RBC

  Vacant Office

### Ref Address

- |    |                                  |
|----|----------------------------------|
| 1  | 2-4 Evesham Street               |
| 2  | 8A Church Green East             |
| 3  | 7 Church Green East              |
| 4  | 20 Unicorn Hill                  |
| 5  | 149 Ipsley Street                |
| 6  | 16/18 Evesham Walk               |
| 7  | Evesham House                    |
| 8  | Suites A-G, Canon Newton House   |
| 9  | 13 Church Green East             |
| 10 | 9 Church Green West              |
| 11 | 5A Alcester Street               |
| 12 | Threadneedle House, Alcester St  |
| 13 | Oak House, Herbert Street        |
| 14 | Duncombe House                   |
| 15 | 4 Aspenwood House                |
| 16 | Grosvenor House, Prospect Hill   |
| 17 | St Stephens House, Prospect Hill |
| 18 | 5 Church Green East              |

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# APPENDIX I – VACANT OFFICE STOCK IN REDDITCH TOWN CENTRE: SUMMARY AND PROFORMAS

Address	Size Sq Ft	Size Sq M	Rent	Rent per sq ft	Grade	Approx Building Age	Type of Property	Building Quality	External Environment	Car Parking Spaces	Terms
<b>Leasehold</b>											
2-4 Evesham Street, Redditch, B97 4EU	6461	600	unknown		Second Hand	1960 - 1980	Above Retail	Fair Condition	Average Quality	0	New Lease
8A Church Green East, Redditch, B98 8BP	1002	93	£9,500	£9.48	Second Hand	pre 1945	Standalone Conversion	Fair Condition	High Quality	4	New Lease (FRI for a preferred term of 3years)
7 Church Green East, Redditch, B98 8BP	600	56	£7,800	£13.00	Second Hand	pre 1945	Standalone Conversion	Fair Condition	High Quality	0	New Lease
20 Unicorn Hill, Redditch, B97 4QU	2150	200	£25,000	£11.63	Second Hand	pre 1945	Above Retail	Fair Condition	Average Quality	0	New Lease
149 Ipsley Street, Redditch, B98 7AA	719	67	unknown		Second Hand	pre 1945	Above Retail	Fair Condition	Average Quality	1	New Lease
Evesham House, Kingfisher Shopping Centre, Redditch, B97 4EY	1978	184	£14,835	£7.50	Under Refurbishment	1960 - 1980	Purpose Built	Good Condition	Excellent Quality	0 (licence)	New Lease (terms to be negotiated)
16-18 Evesham Walk, Kingfisher Shopping Centre, B97 4EX	1978	184	£14,835	£7.50	Under Refurbishment	1960 - 1980	Purpose Built	Good Condition	Excellent Quality	0 (licence)	New Lease (terms to be negotiated)
Suite A, Canon Newton House, Kingfisher Shopping Centre, B97 4HA	822	76	£6,165	£7.50	Second Hand	1960 - 1980	Purpose Built	Good Condition	Excellent Quality	0 (licence)	New Lease (terms to be negotiated)
Suite B, Canon Newton House, Kingfisher Shopping Centre, B97 4HA	1315	122	£9,863	£7.50	Second Hand	1960 - 1980	Purpose Built	Good Condition	Excellent Quality	0 (licence)	New Lease (terms to be negotiated)
Suite C, Canon Newton House, Kingfisher Shopping Centre, B97 4HA	1953	181	£14,648	£7.50	Second Hand	1960 - 1980	Purpose Built	Good Condition	Excellent Quality	0 (licence)	New Lease (terms to be negotiated)
Suite D, Canon Newton House, Kingfisher Shopping Centre, B97 4HA	936	87	£7,020	£7.50	Second Hand	1960 - 1980	Purpose Built	Good Condition	Excellent Quality	0 (licence)	New Lease (terms to be negotiated)
Suite F, Canon Newton House, Kingfisher Shopping Centre, B97 4HA	942	88	£7,065	£7.50	Second Hand	1960 - 1980	Purpose Built	Good Condition	Excellent Quality	0 (licence)	New Lease (terms to be negotiated)
Suite G, Canon Newton House, Kingfisher Shopping Centre, B97 4HA	946	88	£7,095	£7.50	Second Hand	1960 - 1980	Purpose Built	Good Condition	Excellent Quality	0 (licence)	New Lease (terms to be negotiated)
Suite J, Canon Newton House, Kingfisher Shopping Centre, B97 4HA	1098	102	£8,235	£7.50	Second Hand	1960 - 1980	Purpose Built	Good Condition	Excellent Quality	0 (licence)	New Lease (terms to be negotiated)
13 Church Green East, Redditch, B98 8BP	1899	176	unknown		Second Hand	pre 1945	Standalone Conversion	Fair Condition	High Quality	0	New Lease
5A Alcester Street, Redditch, B98 8AE	1570	146	£10,500	£6.69	Second Hand	pre 1945	Above Retail	Fair Condition	Average Quality	0	Assignment
Threadneedle House, Alcester Street, Redditch, B98 8AE	11626	1080	£50,000	£4.30	Second Hand	1960 - 1980	Purpose Built	Satisfactory Condition	Average Quality	0	New Sub Lease (terms to be agreed))
Oak House, Herbert Street, Redditch, B98 8BL	2953	274	£14,750	£4.99	Second Hand	1960 - 1980	Purpose Built	Fair Condition	Average Quality	15	New Lease (term of 3,4 or 5 - or multiples of - years)
Duncombe House, Church Green West, Redditch, B97 4DY	2191	204	£15,500	£7.07	Second Hand	1945 - 1960	Above Retail	Fair Condition	Average Quality	5	New Lease (3+ years)
4, Aspenwood House, Ipsley Street, Redditch, B98 7AR	1272	118	£6,500	£5.11	Second Hand	1945 - 1960	Purpose Built	Fair Condition	Average Quality	2	New Lease (3 years)
Suite 9b Grosvenor House, Prospect Hill, Redditch, B97 4DL	2650	246	£25,838	£9.75	Second Hand	1945 - 1960	Purpose Built	Good Condition	Average Quality	25+	New Lease (term of 3,4 or 5 - or multiples of - years)
Suite 11e Grosvenor House, Prospect Hill, Redditch, B97 4DQ	763	71	£7,439	£9.75	Second Hand	1945 - 1960	Purpose Built	Good Condition	Average Quality	25+	New Lease (term of 3,4 or 5 - or multiples of - years)
Suite 4 Grosvenor House, Prospect Hill, Redditch, B97 4DQ	1606	149	£15,659	£9.75	Second Hand	1945 - 1960	Purpose Built	Good Condition	Average Quality	25+	New Lease (term of 3,4 or 5 - or multiples of - years)
Suite 3 Grosvenor House, Prospect Hill, Redditch, B97 4DQ	6143	571	£59,894	£9.75	Second Hand	1945 - 1960	Purpose Built	Good Condition	Average Quality	25+	New Lease (term of 3,4 or 5 - or multiples of - years)
St Stephens House, Prospect Hill, Redditch, B97 4DP	15264	1418	£152,640	£10.00	Second Hand	1960-1980	Purpose Built	Satisfactory Condition	Average Quality	25+	New Lease
5 Church Green East, Redditch, B98 8BP	1392	129	unknown		Second Hand	pre 1945	Standalone Conversion	Fair Condition	High Quality	0	New Lease (terms to be negotiated)
<b>Freehold</b>											
9 Church Green West, Redditch, B98 8BP	1343	125	£375,000	£279.00	Second Hand	pre 1945	Standalone Conversion	Fair Condition	High Quality	0	
Beech House, Church Green East, Redditch, B98 8BP	3631	337	£480,000	£357.41	Second Hand	pre 1945	Standalone Conversion	Fair Condition	High Quality	0	
Oak House, Herbert Street, Redditch, B98 8BL	2903	270	£300,000	£103.34	Second Hand	1960 - 1980	Purpose Built	Fair Condition	Average Quality	15	
20 Unicorn Hill, Redditch, B97 4QU	2150	200	£325,000	£151.16	Second Hand	pre 1945	Above Retail	Fair Condition	Average Quality	0	
5 Church Green East, Redditch, B98 8BP	1392	129	£185,000	£132.90	Second Hand	pre 1945	Standalone Conversion	Fair Condition	High Quality	0	

**Vacant Town Centre Office Units**  
**May 2012**  
**(Information from RBC, Focus, EGi and GVA Analysis)**

**2/4, Evesham Street, Redditch, B97 4EH**  
**6,461 sq ft / 600 sq m (Map Ref 1)**



**Property Description:**

The subject premises comprise a number of elements.

Ground floor and basement – retail

First and Second floor – office accommodation (with separate access from Unicorn Hill)

The accommodation is available as a whole or in its component parts

**Terms**

The first and second floor self contained office accommodation is available on a new lease with terms on application.

The premises are also available freehold with full vacant possession.

**Tenure:**

Leasehold £75,000 per annum / Freehold on application

**8A Church Green East, Redditch, B98 8BP**  
**1,002 sq ft / 93 sq m (Map Ref 2)**



**Property Description:**

Three storey office building with a net floor area of 1,002 sq ft / 93 sq m

**Terms**

New Lease to be agreed but essentially a full repairing basis for a preferred initial term of 3 years.

**Tenure:**

Leasehold - £9,500 per annum (freehold may be available on request)



**7 Church Green East, Redditch, B98 8BP**  
**600 sq ft / 56 sq m (Map Ref 3)**



**Property Description:**

Town Centre self- contained office suite offering 600 sq ft / 56 sq m of space

**Terms:**

To be negotiated

**Tenure:**

Leasehold - £7,800 per annum

**20, Unicorn Hill, Town Centre, Redditch, B97 4QU**  
**2,150 sq ft / 200 sq m (Map Ref 4)**



**Property Description:**

2 floors, with office accommodation above ground floor retail.

**Terms:**

A 9 year lease term is sought, with 3 yearly upwards only rent reviews.

**Tenure:**

Leasehold £25,000 per annum

**149 Ipsley Street, Redditch, B98 7AA**  
**719 sq ft / 67 sq m (Map Ref 5)**



**Property Description:**

First floor (office accommodation above ground floor retail).

**Terms:**

To be arranged

**Tenure:**

To be arranged

**Evesham House, Kingfisher Shopping Centre, Redditch, B97 4EX**  
**1,978 sq ft / 184 sq m (Map Ref 7)**



**Property Description:**

The offices are situated on the first floor above the retail units within the Kingfisher Shopping Centre.

The available space is currently undergoing complete refurbishment and offers a maximum of 1,978 sq ft / 184 sq m.

**Terms:**

The property is to be let on a formal business lease for a term of years to be negotiated.

**Tenure:**

Leasehold £14,835 per annum

**16/18, Evesham Walk, Kingfisher Shopping Centre, Redditch, B97 4EX  
1,978 sq ft / 184 sq m (Map Ref 6)**



**Property Description:**

The offices are situated on the first floor above Nationwide, overlooking Worcester Square and Evesham Walk within the Kingfisher Shopping Centre. The accommodation is currently undergoing a complete refurbishment and comprises a maximum 1,978 sq ft / 184 sq m of space.

**Terms:**

The property is to be let on a formal business lease for a term of years to be negotiated.

**Tenure:**

Leasehold £14,835 per annum

**Suite A - J, Canon Newton House, Kingfisher Shopping Centre,  
Redditch, B97 4HA  
822 - 1953 sq ft / 76 - 181 sq m (Map Ref 8)**



**Property Description:**

Canon Newton House comprises a range of office suites being serviced by 2 passenger lifts from the main Kingfisher Shopping Centre;

Suite A – 822 sq ft / 76 sq m

Suite B – 1,315 sq ft / 122 sq m

Suite C – 1,953 sq ft / 181 sq m

Suite D – 936 sq ft / 87 sq m

Suite F – 942 sq ft / 88 sq m

Suite G – 946 sq ft / 88 sq m

Suite J – 1098 sq ft / 102 sq m

**Terms;**

The suites are available on a formal business lease for a term of years to be negotiated.

**Tenure:**

Leasehold £6,165 - £14,648 per annum

13, Church Green East, Redditch, B98 8BP  
1,899 sq ft / 176 sq m (Map Ref 9)



**Property Description:**

The building comprises ground, first and second floor offices with staff and storage facilities on each floor, offering a total of 1,899 sq ft / 176 sq m

**Terms:**

To be negotiated

**Tenure:**

To be negotiated

5A, Alcester Street, Redditch, B98 8AB  
1,570 sq ft / 146 sq m (Map Ref 11)



**Property Description:**

These town centre offices offer a total of 1,570 sq ft / 146 sq m over three floors.

**Terms;**

Assignment of existing lease (passing rental of £10,500 per annum but subject to review)

**Tenure:**

Leasehold £10,500 per annum

**Threadneedle House, Alcester Street, Redditch, B98 8AE**  
**11,626 sq ft / 1,080 sq m (Map Ref 12)**



**Property Description:**

This property is located on Alcester Street and offers space over three floors plus basement area totalling 11,626 sq ft / 1,080 sq m.

**Terms;**

A new sub-lease for terms of years to be negotiated

**Tenure:**

Leasehold £50,000 per annum

**Oak House, Herbert Street, Redditch, B98 8BL**  
**2,953 sq ft / 274 sq m (Map Ref 13)**



**Property Description:**

The property comprises a modern, three-story office building offering a total of 2,953 sq ft / 274 sq m.

**Terms;**

New business lease for a term of 3, 4 or 5 years, or freehold.

**Tenure:**

Leasehold £22,000 per annum

Freehold £300,000



**Duncombe House, Church Green West, Redditch, B97 4DU**  
**2,191 sq ft / 204 sq m (Map Ref 14)**



**Property Description:**

The property is at the corner of William Street, above retail units, providing a total of 2,191 sq ft / 204 sq m over two floors.

**Terms:**

A fully repairing lease for a minimum of 3 years

**Tenure:**

Leasehold £15,500 per annum

**Suite 4, Aspenwood House, Ipsley Street, Central Redditch, Redditch,**  
**B98 7AR**

**1,272 sq ft / 118 sq m (Map Ref 15)**



**Property Description:**

Suite 4 has a gross internal area of 1,272 sq ft / 118 sq m.

**Terms:**

A standard lease for a minimum of 3 years (although flexible leases may be considered)

**Tenure:**

Leasehold £6,500 per annum



**Suites 3, 4, 9b and 11e Grosvenor House, Prospect Hill, Redditch, B97 4DQ**  
**763 - 6,143 sq ft / 71 - 571 sq m (Map Ref 16)**



**Property Description:**

Various accommodation in a prominent office building in Redditch town centre;

Suite 3 (first floor) – 6,143 sq ft / 571 sq m

Suite 4 (first floor) – 1,696 sq ft / 149 sq m

Suite 9b (fourth floor) – 2,650 sq ft / 246 sq m

Suite 11e (fifth floor) – 763 sq ft / 71 sq m

**Terms:**

Available by way of a new lease for 3, 4 or 5 years or multiples thereof.

**Tenure:**

Leasehold £7,439 - £59,894 per annum

**St Stephen's House, Prospect Hill, Redditch, B97 4DL**  
**2000 to 15300 sq ft / 186 to 1,421 sq m (Map Ref 17)**



**Property Description:**

Building offers fully refurbished, immediately available, high quality office accommodation to let with part floors from 2,000 sq ft (186 sq m).

**Terms:**

To be negotiated

**Tenure:**

Leasehold – up to £152,640 per annum

**Beech House and 5 Church Green East, Redditch, B98 8BP**  
**1,392 to 3,631 sq ft / 129 to 337 sq m (Map Ref 18)**



**Property Description:**

Beech House is a two storey building offering a total of 3,631 sq ft / 337 sq m

5 Church Green East is an end of terrace three storey building offering 1,391 sq ft / 129 sq m

**Terms:**

Beech House - freehold

5 Church Green East – new lease to be negotiated / freehold

**Tenure:**

Beech House - offers in the region of £480,000 (freehold)

5 Church Green East – leasehold – to be negotiated / freehold - offers in the region of £185,000.

**9 Church Green West, Redditch, B98 8BP**  
**1,343 sq ft / 125 sq m (Map Ref 10)**



**Property Description:**

Retail and above ground floor offices offering a total of 1,343 sq ft / 125 sq m of office space.

**Terms:**

Freehold

**Tenure:**

Freehold - £375,000

## APPENDIX J - DETAILS OF LEASEHOLD/ FREEHOLD SALES IN REDDITCH

Office Deals in Redditch Town Centre 2009 - 2012

Address	Size Sq Ft	Size Sq M	Rent	Rent per Sq Ft	Date	Days on Market	Grade	Details (where available)
24-25 Church Green East, Redditch, B98 8DE	645	57	£3,998	£6.50	01/01/2012	502	Second Hand	Confidential terms
Unit 5, 15 Alcester Street, Redditch, B98 8AE	2822	262	£22,000	£7.50	03/10/2011	2029	Second Hand	8 months rent free period, 9 year lease with rent reviews and options to break at years 3 and 6
5-6 Church Green West, Redditch, B97 4DY	596	55	£5,250	£8.81	01/10/2011	217	Second Hand	Confidential terms
39 Prospect Hill, Redditch, B97 4BS	1277	119	£11,991	£8.50	31/10/2010	75	Second Hand	Includes 4 car parking spaces
7-8 Church Green East, Redditch, B98 8BP	1879	175	£15,000	£7.98	01/10/2010	49	Second Hand	5 year lease subject to a break in year 3
22 Unicorn Hill, Redditch, B97 4QU	782	73	£5,200	£9.50	21/07/2010	404	Second Hand	2 month rent free on a 3 year lease
5 Alcester Street, Redditch, B98 8AE	1570	146	£4,946	£3.15	01/05/2010	547	Second Hand	Confidential terms
23 Unicorn Hill, Redditch, B97 4QR	435	40	£4,994	£10.50	01/08/2009	58	Second Hand	Confidential terms
Unit 5, 15 Alcester Street, Redditch, B98 8AE	2643	246	£29,998	£11.35	09/04/2009	573	Second Hand	15 year lease with 5 year rent reviews
9 Church Green West, Redditch, B97 4DU	1840	171	£18,400	£11.50	15/08/2009	394	Second Hand	Confidential terms

## APPENDIX K – GLOSSARY OF TERMS

# Glossary Terms

Office stock	Number of vacant offices in an area.
Comparison retailers	Retailers offering goods that are available at other shops and so the purchase becomes a competition of price.
Convenience retailers	A small store that stocks a range of everyday items such as groceries, toiletries, alcoholic and soft drinks, tobacco products, and newspapers.
GOAD	Recognised by property professionals as an extensive source of information for the retail and commercial property industry, Goad Plans and Data provide accurate retail information on over 3,000 town centre shopping areas, out-of-town retail parks and outlet villages in the UK and Ireland.
E-tail	A form of electronic commerce whereby consumers directly buy goods or services from a seller over the Internet.
M-commerce	A form of electronic commerce whereby consumers directly buy goods or services from a seller using their mobile phone.
Discretionary items	Items purchased with disposable income normally on luxury items, vacations and non-essential goods and services.
Covenant	Covenants are restrictions on the property that are part of the title, restricting what can be done to the site.
Viability	The return on the investment in a development must exceed the costs of property development to be viable.
Retail Core / Prime Retail Property	A shop in the best position in a major shopping centre, whose construction, size and layout meets latest retailing requirements.
Secondary Retail Property	Everything that is not prime is secondary.
Yield	A profit obtained from an investment .
De-leveraging	Attempt to decrease financial leverage by paying off any existing debt on its balance sheet.
Higher order centres	Shopping centre representing the top end of the consumer market, with high end stores.
Footfall	The number of people entering a shop or shopping area in a given time.
Tertiary	The service sector of the economy.
Dwell times	The amount of time people spend in a shopping area.
Latent demand	Desire or preference which a consumer is unable to satisfy due to lack of information about the product's availability, or lack of money.
Break Clauses	A clause in a lease which gives the landlord and/or the tenant a right, in specified circumstances, to terminate the lease before its normal expiry date.
Empty Rates Relief Liability	Properties that have been empty for more than three months will be liable for 100% of the basic occupied business rate after the initial three month rate-free period expires.
Net effective rent	Amount of rent after deductions for maintenance and repairs and any tenant allowances given.
Freehold	Holding of a property for an indefinite period under absolute rights



of ownership.

Leasehold

Holding of a property for a stated period only and under specified terms and conditions.

Prime office stock

An office in the best position in, whose construction, size and layout meets the desired requirements.

Secondary office stock

All office stock that is not prime.

Land assembly

The process of forming a single site from a number of lands, usually for eventual development or redevelopment.