

# BEXLEY RETAIL & LEISURE STUDY: VOLUME 1

for:

London Borough  
of Bexley

May 2021



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Signed:

A handwritten signature in black ink, appearing to read "Steve Day". The signature is written in a cursive style with a long horizontal stroke at the end.

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For and on behalf of Lambert Smith Hampton

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# 1 INTRODUCTION & SCOPE OF STUDY

- 1.1 The London Borough of Bexley (hereafter referred to as the Council) commenced a review of their Local Plan in 2017. They began commissioning evidence in 2018, including the update of the *Retail and Leisure Capacity Study*. The 2018 Local Development Scheme (LDS) timetable proposed adopting the new Local Plan in 2021, with the plan period ending in 2036. Since then however, circumstances beyond the Council's control - including the Government's planning reform, the delayed progression of the New London Plan and the impact of the COVID-19 pandemic - meant that this timetable was amended to ensure that these changes could be properly considered and addressed in the emerging new Local Plan. The new adoption date is now scheduled for 2022/23, with the plan period covering 2021 to 2038.
- 1.2 Lambert Smith Hampton ('LSH') was subsequently commissioned by the Council in April 2021 to review, refresh and update (in part) the first draft of the *Bexley Retail Capacity and Leisure Study* (BRCLS)<sup>1</sup>. This study provides the robust evidence needed by the Council to inform the preparation of its new Local Plan and other development plan documents pertaining to retail, leisure and other town centre uses. It has been prepared in the context of current and emerging local, regional and national development plan policy guidance, as well as other key material considerations; principally the *National Planning Policy Framework* (NPPF). Where relevant the study also draws on advice set out in the *National Planning Practice Guidance* (PPG). Both the NPPF and PPG place significant weight on the development of positive plan-led visions and strategies to help ensure the vitality and viability of town centres<sup>2</sup>.
- 1.3 The study is presented in a series of inter-related Volumes.
- **Volume 2** sets out the key findings of the 2018 centre health check assessments<sup>3</sup> for Bexleyheath, Crayford, Erith, Welling and Sidcup<sup>4</sup>.
  - **Volume 3** presents the results and tabulations of the 300 street interviews conducted in Bexleyheath, Erith, Crayford and Tower Retail Park by NEMS Market Research (NEMS) in 2018<sup>5</sup>.
  - **Volume 4** sets out the methodology and key findings of the 1,000 household telephone interviews conducted by NEMS across the defined Catchment Area (sub-divided into eight survey zones) in 2018<sup>6</sup>.
  - **Volume 5**: comprises the other supporting appendices, including the economic capacity tables.
- 1.4 This **Volume 1** study draws on the evidence and research in Volumes 2-5. It provides robust policy recommendations to help the Council prepare positive strategies, plans and policies for the growth,

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<sup>1</sup> Carter Jonas prepared the initial draft of the BRCLS update in 2018. This was not published for the reasons set out in paragraph 1.1.

<sup>2</sup> Town centres or centres are defined by the NPPF (Annex 2) as city centres, town centres, district centres and local centres but exclude small parades of shops of purely neighbourhood significance. Unless they are identified as centres in the development plan, existing out-of-centre developments, comprising or including main town centre uses, do not constitute town centres.

<sup>3</sup> It should be noted that the Council did not commission LSH to update the health checks as part of the April 2021 commission, as it was determined that more time was needed before the full impacts of the pandemic on each centre could be robustly assessed. The health checks will therefore be updated by the Council in late 2021, or early 2022.

<sup>4</sup> It should be noted that this study does not review the relative role and function of the Borough's smaller Neighbourhood Centres. This assessment has been carried out separately by the local planning authority, and the findings are set out in the Council's evidence-based '*Retail Technical Paper*'.

<sup>5</sup> Some 150 face-to-face interviews were conducted between 8<sup>th</sup> and 16<sup>th</sup> June 2018 in Bexleyheath, 75 in Erith, 40 in Crayford and 35 in Tower Retail Park, Crayford.

<sup>6</sup> The household survey was conducted between 26<sup>th</sup> April and 23<sup>rd</sup> May 2018.

management and adaptation of the Borough's main town centres over the short, medium and long term to help ensure their future vitality and viability.

1.5 Aligned with the NPPF (paragraph 85), London Plan, PPG, and other material considerations, this study specifically provides advice and recommendations on:

- The quantitative and qualitative need ('capacity') for new retail floorspace and leisure uses, "*looking at least **ten years ahead***" (NPPF, paragraph 85d).
- The scale, type and optimum location to meet this need (where a need is identified) in accordance with the town centres "first" (sequential) approach.
- The definition of a robust network and hierarchy of town centres.
- The definition and extent of town centre boundaries and Primary Shopping Areas (PSAs).
- The setting of a local impact threshold (the default threshold is 2,50 sqm gross) to help inform the assessment and determination of applications for retail and leisure developments located outside town centres and not in accordance with an up-to-date development plan (NPPF, paragraph 89).

1.6 It is also important to state at the outset that medium to long term forecasts should be treated with caution. They are influenced by the dynamic changes in economic, demographic, lifestyle and market trends; including the rise of online shopping over the last decade, and the recent impacts of the COVID-19 pandemic. Further to the advice in the NPPF (paragraph 85d), the PPG also recognises the uncertainty in forecasting long-term retail trends and consumer behaviour, and states that assessments "*....may need to focus on a limited period (such as the next **five years**)*", but will also need to take the lifetime of the plan into account and be regularly reviewed<sup>7</sup>. We therefore advise that the local planning authority should place greater weight on forecasts over the next five to ten-year period, up to 2031.

1.7 For ease of reference this Volume 1 Study is divided into the following inter-related sections:

- **Section 2** reviews the national, regional and local planning policy context.
- **Section 3** highlights some of the key trends that are driving the dynamic changes in the retail and leisure sectors at the national and London-wide level, and how this has shaped (and is likely to shape) the UK's and the Borough's urban and retail landscape over the short, medium and long term.
- **Section 4** sets out the headline SWOT assessments for the Borough centres (derived from the detailed 2018 health check assessments - see Volume 2), along with the findings of the in-centre surveys conducted in Bexleyheath, Crayford and Erith (see Volume 3).
- **Section 5** summarises the survey-derived market share analysis of shopping patterns for different types of comparison and convenience goods purchases across the defined Catchment Area (see Volume 4).
- **Section 6** sets out the key assumptions and findings of the Borough-wide retail capacity assessment for new convenience and comparison goods retailing up to 2031 and 2038, based on LSH's in-house **CREAT<sup>e</sup>** economic model. It also assesses the potential capacity for new retail floorspace in the Borough's main "*Housing Growth Areas*" (HGAs), principally to the north of the Borough in the Opportunity Areas comprising Lower Belvedere and Abbey Wood/Wilton Road.
- **Section 7** sets out the findings of the commercial leisure need and 'gap' assessment, drawing on the evidence and market research.

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<sup>7</sup> PPG. Paragraph 004. Reference ID: 2b-004020190722

- **Section 8** draws on the previous sections and provides recommendations to help inform the Council's preparation of robust policies and strategies aimed at maintaining and enhancing the vitality and viability of the Borough's retail and leisure offer, and the competitive positions of its main centres, over the ten-year period to 2031, and over the lifetime of the plan.

## 2 PLANNING POLICY CONTEXT

- 2.1 To help inform the preparation of this study, this section provides a summary of the key national, regional and local planning policies pertaining to retail, leisure and other main town centre uses.

### NATIONAL PLANNING POLICY & GUIDANCE

#### National Planning Policy Framework (NPPF)

- 2.2 The latest update of the NPPF sets out the Government's planning policies for England. Planning law requires that applications for planning permission be determined in accordance with the development plan<sup>8</sup>, unless material considerations indicate otherwise<sup>9</sup>. The NPPF must therefore be considered in plan-making and is a material consideration in planning decisions.
- 2.3 The NPPF states that the purpose of the planning system is to contribute to the achievement of sustainable development, which is defined as meeting the needs of the present without compromising the ability of future generations to meet their own needs<sup>10</sup>. The Framework (paragraph 11) sets out the Government's view of what the presumption in favour of sustainable development means in practice. For **plan-making**: "...plans should positively seek opportunities to meet the development needs of their area, and be sufficiently flexible to adapt to rapid change" (paragraph 11a).
- 2.4 Chapter 3 ('*Plan-Making*') of the Framework provides guidance to local authorities on preparing local plans. Paragraph 20 states that policies should set out an overall strategy for the location, scale and quality of development, and make sufficient provision for new sustainable development. It requires that strategic policies should look ahead over a minimum 15 year period from adoption, **except in relation to town centre development** (see below). In preparing development plans, "*policies should be underpinned by relevant and up-to-date evidence*" (paragraph 31). To ensure the local plans and spatial strategies are relevant they should be reviewed at least once every five years and updated as necessary (paragraph 33).
- 2.5 Chapter 7 ('**Ensuring the vitality of town centres**') provides guidance on plan-making and decision-taking for retail and other town centre uses. Paragraph 85 states that "*planning policies and decisions should support the role that town centres play at the heart of local communities*", and sets out criteria that local authorities should consider when preparing planning policies. These include: (a) defining a network and hierarchy of centres; (b) defining the extent of town centres and Primary Shopping Areas (PSAs); (c) retaining and enhancing existing markets; and (d) allocating a range of suitable sites in town centres to meet the sales and type of development likely to be needed, "**looking at least ten years ahead**".
- 2.6 Paragraphs 86-90 specifically set out the requirement to apply the sequential and impact tests to determine applications for new retail, leisure and main town centres that are neither in an existing centre, nor in accordance with an up-to-date development plan.

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<sup>8</sup> This includes local and neighbourhood plans that have been brought into force and any spatial development strategies produced by combined authorities or elected Mayors.

<sup>9</sup> Section 38(6) of the Planning and Compulsory Purchase Act 2004 and section 70(2) of the Town and Country Planning Act 1990.

<sup>10</sup> Resolution 42/187 of the United Nations General Assembly



- 2.7 Other Chapters in the NPPF are also relevant to the preparation of this study, and to the Council’s plan-making and decision-taking policies for its network and hierarchy of centres. For example, Chapter 8 (***Promoting healthy and safe communities***) sets out the need to achieve healthy, inclusive and safe places; including the need to plan positively for the provision and use of shared spaces, community facilities (such as local shops) and other local services to enhance the sustainability of communities and residential environments (paragraph 92a).

## **Planning Practice Guidance (PPG)**

- 2.8 The latest update of the **Planning Practice Guidance (PPG)** was issued in September 2020. It provides specific guidance on plan-making and decision taking for retail, leisure and town centre uses, including guidance on Permitted Development Rights (PDR) and the new Use Classes Order (‘UCO’) that came into effect on 1<sup>st</sup> September 2020<sup>11</sup> (see below). The Guidance supports the policies and provisions of the NPPF; placing significant weight on the development of positive plan-led visions and strategies for town centres.
- 2.9 In terms of planning for town centres, the PPG states that a wide range of complementary uses can, if suitably located, help to support the vitality and viability of town centres. These include residential, employment, office, commercial, leisure/entertainment, healthcare and educational development. Evening and night-time activities also have the potential to increase economic activity within town centres and provide additional employment opportunities.
- 2.10 The PPG (paragraph 004) sets out the importance of evidence-based strategies and visions for town centres to help establish their role and function over the plan period, the need for new retail, leisure and town centre uses, and other interventions. However, given the uncertainty in forecasting long-term retail trends and consumer behaviour, the PPG states that forecasts “***...may need to focus on a limited period (such as the next five years) but will also need to take the lifetime of the plan into account and be regularly reviewed***”<sup>12</sup>. In those cases where development cannot be accommodated in town centres, the PPG requires planning authorities to plan positively to identify the most appropriate alternative strategy for meeting the identified need, having regard to the sequential and impact tests<sup>13</sup>. The PPG also sets out several Key Performance Indicators (KPIs) that “*may be relevant in assessing the health of town centres, and planning for their future*”<sup>14</sup>.

## **Reform of Use Classes Order & Permitted Development Rights**

- 2.11 The Government has issued a series of reforms to the planning system at the time of preparing this study. The reforms principally relate to Permitted Development Rights (PDR) and the Use Classes Order (UCO)<sup>15</sup>,

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<sup>11</sup> Paragraph: 007 Reference ID: 2b-007-20190722. Also refer to: Town and Country Planning (General Permitted Development) (England) Order 2015, as amended.

<sup>12</sup> Paragraph: 004 Reference ID: 2b-004-20190722

<sup>13</sup> Refer to Paragraph: 005 Reference ID: 2b-005-20190722. Paragraph 010A ID: 2b-010-20190722 also provides a checklist for local planning authorities to consider when applying the sequential test.

<sup>14</sup> Paragraph: 006 Reference ID: 2b-006-20190722

<sup>15</sup> The Town and Country Planning (Use Classes) (Amendment) (England) Regulations 2020/757 was laid before Parliament on 21<sup>st</sup> July 2020 and amended the Town and Country Planning (Use Classes) Order 1987.

alongside the Government's White Paper "*Planning for the Future*" (published in August 2020) and the 2021 *Planning Reform Bill*.

2.12 The new UCO came into effect from 1<sup>st</sup> September 2020 and is relevant to the preparation of this study and the Council's plan-making and decision-taking on new retail, leisure and town centre uses. The new UCO amended and revoked a number of use classes under the 1987 Order, and has replaced them with much broader use classes. In summary, the main reforms introduced by the new UCO include:

- a new **Class E (commercial, business and service uses)**: which subsumes the former Use Classes A1 (shops), A2 (financial and professional services) and A3 (restaurants and cafés). It also incorporates: the former Class B1 (commercial, business and service uses), comprising office, research and development and light industry; Class D1 (non-residential institutions) in part, comprising medical or health services, clinics, creches, day nurseries and day centres; and Class D2 (assembly and leisure) in part, comprising gyms or areas for indoor recreation.
- a new **Class F1 (learning and non-residential institutions)**: which includes some of the former uses under Class D1 (non-residential institutions), including museums, public libraries, art galleries, schools, and places of worship.
- a new **Class F2 (local community uses)**: which comprises (former Class A1) shops defined as being "*...not more than 280 sqm mostly selling essential goods, including food, and at least 1km from another similar shop*". This Use Class also includes former Class D2 (assembly and leisure), such as meeting places/halls, indoor/outdoor swimming baths, skating rinks, and outdoor sport and recreation.
- an extension to the **Sui Generis** uses (which fall outside the specified use classes) to include the former Use Classes A4 (pubs and drinking establishments) and A5 (hot food takeaways). It also incorporates some uses previously classified under D2 (assembly and leisure), including cinemas, concert halls, live music venues, bingo and dance halls.

2.13 The Government also consulted on a variety of changes to PDR in December 2020, including the Class E to Class C3 (residential) PDR. This PDR replaces the two existing commercial to residential PDRs under Class O (office to residential) and Class M (conversion of shops, financial services, betting offices and pay day loan or mixed uses to residential). The Order<sup>16</sup> introducing the new PDR under new Class MA will be introduced on 1<sup>st</sup> August 2021, and will be subject to prior approval applications. It does contain some conditions and limitations informed by the consultation responses. For example, it only applies to buildings that have been vacant for a least three continuous months, to help protect existing businesses. It does not apply to buildings with a cumulative floorspace of more than 1,500 sqm or to listed buildings, but will apply in Conservation Areas.

2.14 In launching the reforms the Government announced that the regulations will give "*...greater freedom for buildings and land in our town centres to change use without planning permission and create new homes from the regeneration of vacant and redundant buildings*"<sup>17</sup>. These changes are relevant to this study. It should be noted that reference is still made throughout the study to classifications defined by the previous 1987 UCO.

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<sup>16</sup> Town and Country Planning (General Permitted Development etc.) (England) (Amendment) Order 2021

<sup>17</sup> <https://www.gov.uk/government/news/pm-build-build-build>

## REGIONAL PLANNING CONTEXT – THE LONDON PLAN

- 2.15 The London Plan (March 2021)<sup>18</sup> is the Spatial Development Strategy for London. It sets out an integrated strategic economic, environmental, transport and social framework for development up to 2041, and guidance for each of the London Boroughs' Development Plans (including Bexley Borough) to ensure that they are working towards a shared vision. Chapter One sets out the Mayor's vision for "**Good Growth**", which is defined as "*growth that is socially and economically inclusive and environmentally sustainable*". The London Plan Key Diagram presents the spatial vision, covering London's growth corridors, Opportunity Areas, town centres, Green Belt and Metropolitan Open Land. Chapter Two sets out the overall spatial development pattern for London, focusing on the growth strategies for specific places in London and how they connect with the wider South East region. Chapters 3-12 provide the topic-specific policies that are required to deliver the "*Good Growth*" objectives.

### Opportunity Areas and Growth Corridors

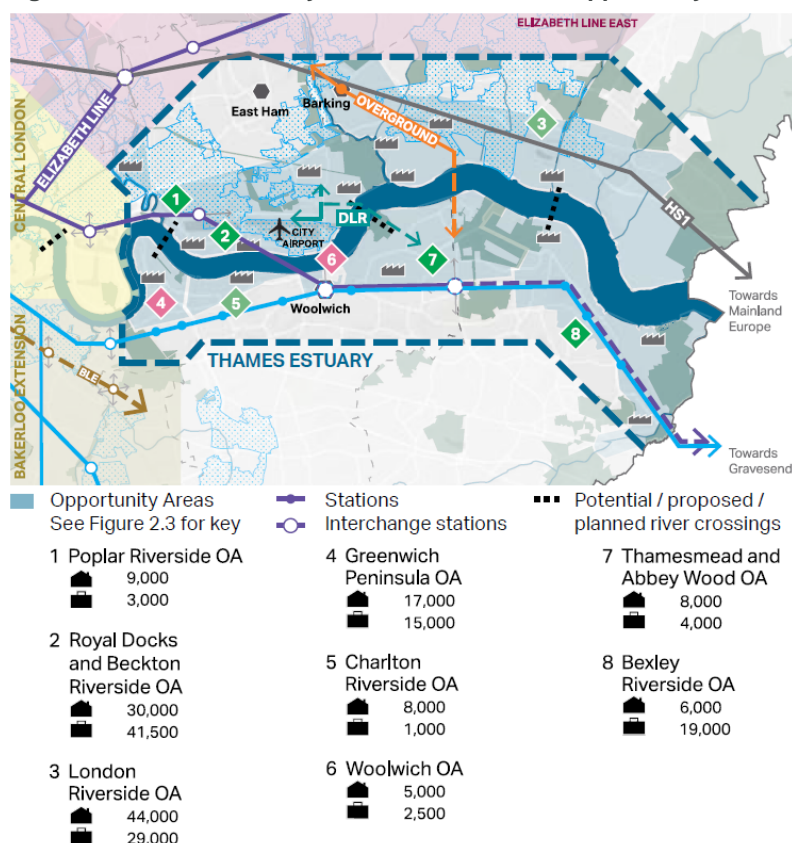
- 2.16 The London Plan "**Opportunity Areas**" (OAs) (Policy SD1) are identified as having the greatest potential to accommodate substantial new housing, commercial development and infrastructure (of all types), linked to existing or potential improvements in public transport connectivity and capacity. Each OA (listed in Table 2.1 of the plan) typically has capacity for at least 5,000 net additional jobs or 2,500 net additional homes, or a combination of the two. The OAs are clustered into "**Growth Corridors**" (Policy SD2) where investment in infrastructure and transport will be key to delivery (see Figures 2.4-2.12 of the plan). The **Thames Estuary Corridor** (North and South) is identified as one of the largest clusters of OAs in London, with the potential to deliver over 250,000 new homes and 200,000 new jobs (see figure below reproduced from London Plan). It is advised that *Opportunity Area Planning Frameworks* (OAPFs) should be prepared as the first stage in a plan-led approach, providing clear strategies for the delivery of new development, underpinned by collaboration with local communities and stakeholders.
- 2.17 A number of transport and infrastructure schemes are being prioritised and assessed to help unlock and/or connect growth areas<sup>19</sup> across the Thames Corridor. The **Bexley Riverside OA** includes the areas of Belvedere, Erith, Slade Green and Crayford. The London Plan states that future improvements to accessibility through better services on the existing transport network, and the extension of the Elizabeth Line, "*...offer the opportunity for significant redevelopment around the stations*" (paragraph 2.1.55). In advance of the potential extension of the Elizabeth line, the London Plan states that the Planning Framework should explore the level of growth that could be supported through significantly enhanced bus services and priority measures. Belvedere is recognised as "*having potential as a future District centre*" (paragraph 2.1.56).

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<sup>18</sup> The general objectives for the London Plan, and the process for drawing it up, altering it and replacing it, are set out in the Greater London Authority Act 1999 (as amended) and the Town and Country Planning (London Spatial Development Strategy) Regulations 2000.

<sup>19</sup> This include the Silvertown Tunnel; a new river crossing linking Rotherhithe and Canary Wharf; an extension of the DLR across the river from Gallions Reach to Thamesmead and beyond; and Barking Riverside to Abbey Wood London Overground crossing.

Figure 2.1: Thames Estuary Growth Corridor and Opportunity Areas



Source: London Plan (2021). Figure 2.7

## Town Centres & High Streets

- 2.18 London’s **Central Activities Zone (CAZ)** and **Town Centres** are the primary locations for commercial activity in the capital, and have a crucial role to play in supporting London’s growth. The London Plan sets out how this growth should be managed and planned for.
- 2.19 **Policy SD6 (Towns Centres and High Streets)**<sup>20</sup> specifically supports the vitality and viability of London’s varied town centres. The need for “*adaption and diversification*” is recognised. Many town centres and the surrounding areas have potential to accommodate significant quantities of new housing, making the most of walking, cycling and public transport connectivity. The London Plan recognises that residential-only schemes in town centres may be appropriate outside the PSA, where it can be demonstrated that they would “*not undermine local character and the diverse range of uses required to make a town centre vibrant and viable*” (paragraph 2.6.7). The London Plan states that town centres will need to “*diversify the range of commercial uses, particularly smaller centres and those with projected decline in demand for retail floorspace*” (paragraph 2.6.4). Boroughs and others should therefore ensure their strategies, policies and decisions encourage a broad mix of uses, while protecting core retail uses to meet demand.
- 2.20 The London Plan takes a strong “*town centres first*” approach. **Policy SD7** (see Parts A1-A3)<sup>21</sup> discourages out-of-centre development through the application of the sequential and impact tests. Boroughs are also

<sup>20</sup> Policy SD6 does not apply to CAZ Retail Clusters or any town centres located wholly within the Central Activities Zone (CAZ).

<sup>21</sup> With limited exceptions for existing viable office locations in outer London (see Policy E1 Offices).

required to assess the redevelopment potential of existing out-of-centre retail and leisure parks for housing intensification, and ensure such locations become more sustainable in transport terms, by securing improvements to public transport, cycling and walking<sup>22</sup>.

- 2.21 For plan-making, **Policy SD7** (Parts B1-B4 and C1-C7)<sup>23</sup> states that each London Borough should proactively plan to meet forecast need for main town centre uses by allocating sites within or (where justified) on the edge of town centres, and through town centre boundary reviews. Where town and edge of centre sites are not available, local plans should identify future potential town centres that could accommodate the forecast additional need, and set appropriate policies, boundaries and site allocations for these areas<sup>24</sup>. This will deliver a sustainable pattern of development by focusing main town centre uses in existing centres, or through the creation of new centres (paragraph 2.7.2).

## Town Centre Network

- 2.22 Policy SD8 sets out **London's Town Centre Network** (also see Figure 2.17 and Annex 1 of the London Plan). In summary, the network comprises:

- **“International”, “Metropolitan” and “Major” Town Centres** – are the focus for the majority of higher order comparison goods retailing, with the potential for higher density employment, leisure and residential development in a high quality environment. Table A1.1 (Annex 1) to the London Plan classified Bexleyheath as a *“Major Centre”*.
- **“District Centres”** - provide mainly convenience goods and services, and social infrastructure for more local communities and are accessible by public transport, walking and cycling. They also provide opportunities for higher density mixed-use residential development and improvements to their environment. Crayford, Erith, Sidcup and Welling are defined as *“District Centres”* by the London Plan
- **“Local” and “Neighbourhood” Centres** - typically serve a localised (walking and cycling) catchment and include local parades and small clusters of shops, mostly for convenience goods and other services. Together with District Centres they can play a key role in addressing areas deficient in local retail and other services.

- 2.23 The figure below summarises the typical scale and types of uses provided under the different classifications.

- 2.24 The London Plan recognises that the town centre network is dynamic, and the role and function of centres will change over time. Within OAs, for example, it may be appropriate to designate new town centres to meet the needs of the local community and to serve areas of deficiency for certain uses. It may also be appropriate to re-classify some existing centres, in order to respond to shifts in demand for commercial uses or to reflect significant spatial, environmental and public transport connectivity improvements to existing out-of-centre retail parks.

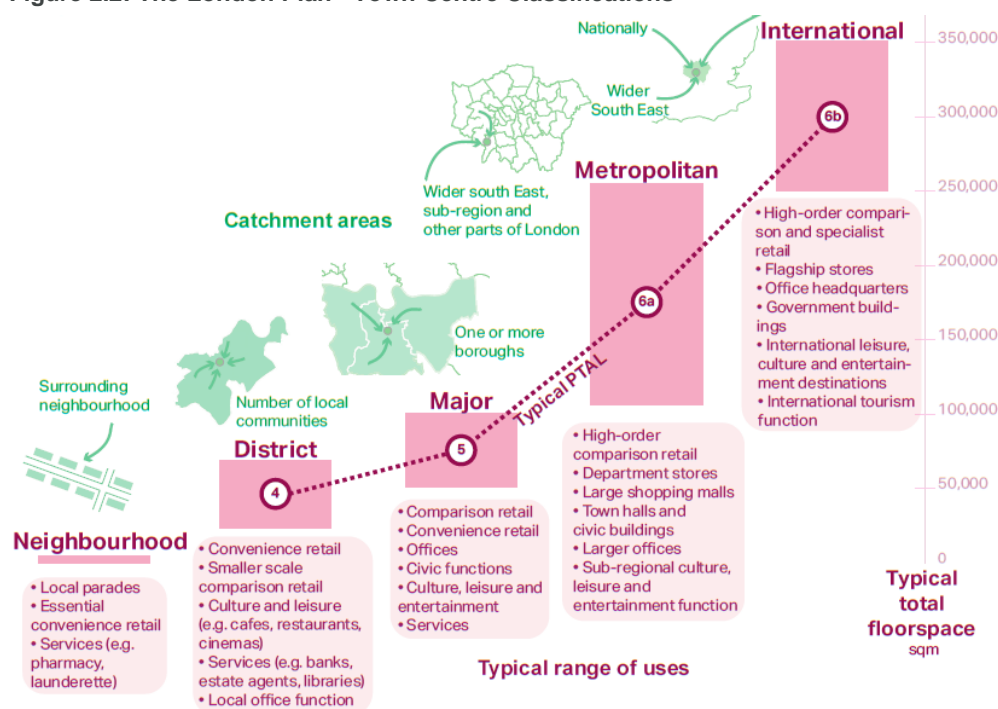
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<sup>22</sup> Redevelopment of retail and leisure parks to deliver housing intensification is encouraged by London Plan Policy H1 (Increasing housing supply). This should not result in a net increase in retail or leisure floorspace in an out-of-centre location unless the proposal is in accordance with the Development Plan or can be justified through the sequential and impact tests in Parts A(1) and A(2).

<sup>23</sup> Policy SD7 does not apply to CAZ Retail Clusters or any town centres located wholly within the Central Activities Zone.

<sup>24</sup> Having regard to Policy SD8 Town centre network and the future potential town centre classifications in Annex 1 of the London Plan.

Figure 2.2: The London Plan - Town Centre Classifications



Source: London Plan (March 2021). Figure 2.18.

- 2.25 Given the strategic importance of the larger town centres, “...changes to the classification of existing or proposed International, Metropolitan and Major centres must only be undertaken through the London Plan” (paragraph 2.8.3). Changes to the classification of District, Local and Neighbourhood centres can be brought forward in Local Plans, but will need to be supported by “...robust evidence, particularly looking at the wider impact on the network, informed by regular town centre health checks, and undertaken alongside reviews of town centre boundaries”.
- 2.26 Table A1.1 (Annex 1) to the London Plan provides an indication of potential future changes to the town centre network over the Plan period, including new potential centres. **Belvedere** is identified as a potential new “District Centre”. The London Plan states that centres with a future potential network classification (as identified by Table A1.1) are “...not recommended for immediate reclassification, however it is recognised that they may be appropriate for future reclassification, subject to strategic and Local Plan policies and conditional on matters such as capacity analysis, impact assessments, land use, public transport, walking and cycling, planning approvals and full implementation” (paragraph 2.8.4).
- 2.27 Against this background, this study provides robust evidence to support the future reclassification of Belvedere (hereafter referred to as ‘Lower Belvedere’ to help differentiate from the Belvedere – Nuxley Road centre) to a ‘District Centre’ in the Borough’s network and hierarchy of centres.

## Town Centre Strategies & Uses

- 2.28 **Policy SD9** encourages the preparation of Town Centre Strategies (Part A). This particularly applies to centres that are undergoing transformative change (including decline), and/or where significant infrastructure is planned, and/or where new potential centres are identified (by Table A1.1). Policy SD9 (Parts B-D) states that Boroughs should: (i) carry out regular town centre healthchecks; (ii) introduce targeted Article 4

Directions where appropriate and justified to remove PDR (including office/retail to residential) to sustain town centre vitality and viability<sup>25</sup>; and (iii) take a proactive approach to redevelopment opportunities.

- 2.29 The London Plan recognises and supports the importance of a diverse and competitive retail sector, but also acknowledges that retailing is undergoing restructuring in response to recent trends and future forecasts, including the growth of online sales.
- 2.30 Aligned with the objectives of Policies SD6-SD9, **Policy E9** (Retail, markets and hot food takeaways) states that in preparing or reviewing Development Plans, Boroughs should: (i) identify future requirements and locations for new retail development; (ii) identify areas for consolidation of retail space where this is surplus to requirements; and (iii) set out policies and site allocations to secure an appropriate mix of shops and other commercial uses, informed by local evidence and town centre strategies.
- 2.31 Part C sets out further requirements for Development Plans and proposals, including: (i) provision of convenience retail (particularly in smaller District, Local and Neighbourhood Centres), to secure inclusive neighbourhoods and a sustainable pattern of provision (Part C2); (ii) support for all London's markets, to help enhance their offer and contribute to local identity and the vitality of town centres (Part C5); and the management of existing edge-of-centre and out-of-centre retail (and leisure) by encouraging comprehensive redevelopment for a diverse mix of uses in line with Policies SD6-SD9 (Part C6).
- 2.32 Parts D and E state that where development proposals contain hot food takeaway uses, these should not be permitted within at least 400 metres of entrances/exits to schools, and where hot food takeaway uses are permitted, Finally Part F states that development proposals involving the redevelopment of surplus retail space should support other planning objectives and include alternative town centre uses on the ground floor where viable (in accordance with Policy SD7).
- 2.33 The London Plan (paragraph 6.9.9) recognises the positive impact that small and medium-sized enterprises (SMEs) can have on the diversity, vitality and viability of centres. However, in parts of London, small shops suitable for occupation by SMEs may be in short supply and affordability can be a key concern. Larger developments that include a significant amount of commercial floorspace can contribute to the diversity, vitality and vibrancy of town centres by providing a range of unit sizes that includes smaller premises. The **High Streets for All** report<sup>26</sup> found that almost 70% of small businesses consider rent unaffordable with average retail rents increasing 4% per annum over the period 2009 to 2016<sup>27</sup>. Where there is local evidence of need, Development Plans should require affordable commercial and shop units (secured through planning conditions or planning obligations as appropriate).

## LOCAL PLAN CONTEXT

- 2.34 The Borough Council is currently in the process of reviewing and updating its Local Plan, and this evidence-based study will help to inform its preparation<sup>28</sup>. In advance of its adoption the Bexley Core Strategy (adopted

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<sup>25</sup> When considering office to residential Article 4 Directions in town centres, Boroughs are encouraged to consider guidelines in Annex 1 and Policy E1 Offices of the London Plan, as well as local circumstances

<sup>26</sup> High Streets for All, GLA, 2017

<sup>27</sup> London Town Centre Health Check, GLA, 2017

<sup>28</sup> All information on the Local Plan Review, including its content and timetable can be found on the Council's website: <https://www.bexley.gov.uk/services/planning-and-building-control/planning-policy/local-plan-review>

February 2012) and 'saved' policies (2007) in the Unitary Development Plan (UDP) (adopted April 2004) are the key Development Plan Documents (DPDs). The main provisions and policies relevant to this study are briefly summarised below.

### Unitary Development Plan (2004)

- 2.35 The Unitary Development Plan (UDP) was adopted in 2004. Following the publication of the Core Strategy in 2012 (see below), the most relevant 'saved' policies for new retail and town centre uses in the UDP are: (i) **Policy SHO2**, which promotes town centres as the focus for new retail development; (ii) **Policy SHO4**, which relates to the development of non-retail uses within core shopping frontages; and (iii) **Policies SHO5-SHO6**, which cover non-retail development proposals in non-core shopping frontages. The UDP defined the following 'four tier' functional hierarchy:
- **Strategic Centre:** Bexleyheath;
  - **Major District Centres:** Crayford, Erith, Sidcup and Welling;
  - **District Centres:** Belvedere (Nuxley Rd), Bexley, Blackfen and Northumberland Heath; and
  - **Neighbourhood Centres:** comprising 52 smaller centres.
- 2.36 All other strategic retail and town centre related policies have been replaced by policies contained in the Core Strategy (see below).

### Core Strategy (2012)

- 2.37 The Core Strategy sets out the spatial planning framework for the Borough until 2026. It is split into four chapters (and four appendices).
- 2.38 Chapter 2 sets out the Council's **Vision and Spatial Objectives**. The key spatial objective is: *"To promote development that assists regeneration and renewal within the borough and enhances the quality of life of all Bexley residents, and encourage development that promotes social inclusion, addresses local social and economic needs and provides a better environment"*. This is illustrated by the Vision Diagram<sup>29</sup>.
- 2.39 Chapter 3 (**Achieving Sustainable Development**) sets out the spatial strategy for the amount and location of future growth in the Borough (Policy CS01). Sustainable development will be encouraged by focusing new housing and employment development in parts of the Thames Gateway, particularly the *London Plan Opportunity Areas*, as well as locations in and around the borough's main town centres. The strategy is illustrated by a Key Diagram that identifies the Borough's main opportunities, designations and constraints.
- 2.40 The Borough is then divided into six geographic regions based on ward boundaries focussed on the main town centre in each region<sup>30</sup>. Each region has its own section and vision, and a policy that is mainly focused on the region's sustainable growth areas, which enable the region to contribute towards sustainable

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<sup>29</sup> See Map 2.1 (page 13) of the Core Strategy

<sup>30</sup> See Bexley Core Strategy (2012). Map 3.1, page 15.



development. The following policies for each region set out the requirements for new development, and current approaches being taken that justify the proposed policy.

- **Bexleyheath Region (Policy CS02 and Map 3.3)** - Policy states that the new housing and employment growth in the region will mainly be focused in and around the town centre.
- **Belvedere Geographic Region (Policy CS03 and Map 3.4)** – comprises the Belvedere, Thamesmead East and Lesnes Abbey wards. It is located within the Thames Gateway and includes two London Plan Opportunity Areas. Belvedere provides the main shops, supporting services, facilities and local employment opportunities in the region, supported by a network of smaller neighbourhood centres. There is no major town centre that serves this region.
- **Erith Geographic Region (Policy CS04 and Map 3.5)** – is located within Thames Gateway and partly within the Bexley Riverside Opportunity Area, and is identified as having significant growth potential. Policy supports new commercial, housing and employment growth in and around Erith Town Centre and Slade Green; and the safeguarding of land to enable the future extension of Crossrail from Abbey Wood to Gravesend and Hoo Junction.
- **Crayford and Old Bexley Geographic Region (Policy CS05 and Map 3.6)** – located on the eastern edge of the Borough the main centres are Crayford and Bexley (otherwise known as Bexley Village or Old Bexley). Policy seeks to support Crayford’s business function and focus new housing and employment growth in and around the town centre and, to a lesser extent, Old Bexley.
- **Sidcup Geographic Region (Policy CS06 and Map 3.7)** – seeks to support Sidcup’s key role as the most significant centre in the south of the Borough, which functions as Bexley’s southern gateway. Housing and employment growth will primarily be focused in and around Sidcup town centre, Sidcup Station and Foots Cray employment area.
- **Welling Geographic Region (Policy CS07 and Map 3.8)** - Welling town centre is situated in the heart of this region and is the most significant shopping area in the west of the Borough. Policy seeks to focus housing and employment growth in and around the town centre.

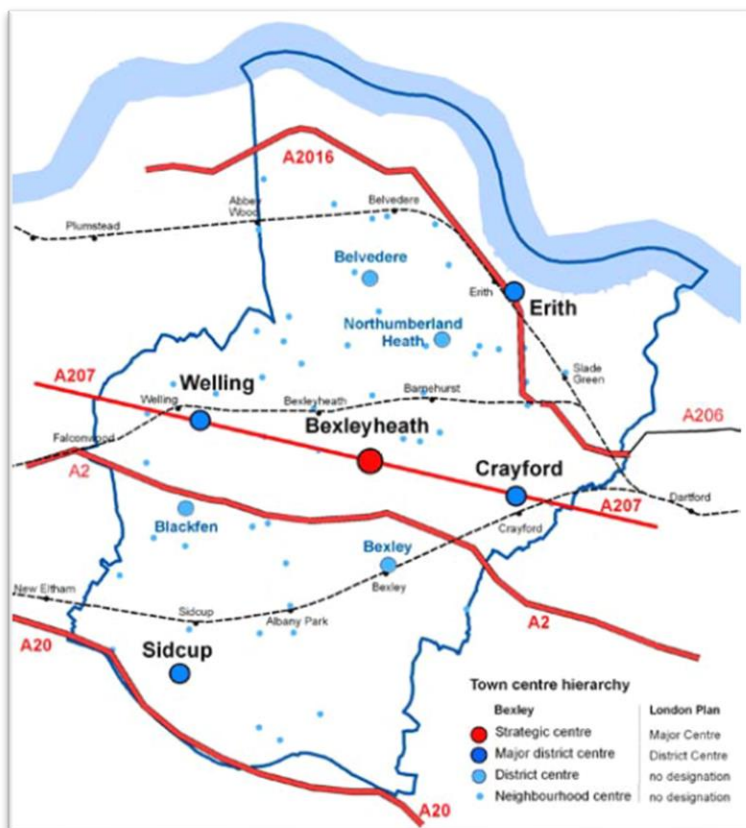
2.41 Chapter 4 (**Managing the Built Environment**) sets out the policy responses to common issues that affect large parts or all of the Borough. The plan below shows the Borough’s well established network of town centres as set out in the UDP. With Bexleyheath as the Strategic Centre, along with four Major District Centres and four District Centre. The Core Strategy states that these centres are: “*..at the heart of their communities, provide a wide range of goods and services and are generally the most accessible locations in the borough*” (paragraph 4.6.1).

2.42 **Policy CS14 (Town Centre Vitality and Viability)** sets out the Borough-wide town centre policies and states that the Council will maintain and enhance the vitality and viability of its existing centres<sup>31</sup> through a range of measures, including: applying the sequential and impact tests; designating Primary Shopping Areas (PSAs); promoting a diverse mix of town centre uses; creating strategies for town centres in future policy documents; and securing public realm enhancements.

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<sup>31</sup> See Map 4.4 (page 78) of Bexley Core Strategy showing the town centre locations and hierarchy.

Figure 2.3: Town centre locations and hierarchy in Bexley Borough



Source: Bexley Core Strategy (February 2012). Map 4.4, page 78.

2.43 The 2008 Bexley Retail Capacity Study (BRCS 2008) confirmed that the existing town centre hierarchy was performing well and forecast the need for up to 5,294 sqm net of new convenience goods floorspace and 29,279 sqm of comparison space by 2027<sup>32</sup>. The majority (80%) of this new retail floorspace was forecast for Bexleyheath. There was more limited capacity for Sidcup (9%) and Erith (11%), and no capacity in Welling and Crayford. An analysis of neighbourhood centres also confirmed no significant gaps in provision.

### Other Development Plans and Material Considerations

2.44 Other Supplementary Development Plans (SPDs) and evidence-based documents that provide background to the preparation of this study include:

- **Crayford Strategy and Action Plan (adopted July 2005)** - details development proposals and projects to promote environmental, cultural and economic improvements to the town centre.
- **Thamesmead and Abbey Wood SPD (adopted December 2009)** - outlines key principles to guide development in Thamesmead and Abbey Wood providing guidance on a number of opportunity areas. Specifically, Thamesmead town centre is identified as the retail and civic heart for the community, supported through a neighbourhood level function with smaller shops and services. Abbey Wood will become a major transport interchange and a gateway to Thamesmead.

<sup>32</sup> The higher capacity forecast is based on higher population growth proposed over the plan period.

- **Bexleyheath Night Vision Strategy (adopted February 2010)** - the strategy and action plan (for the period up to 2015) promotes greater diversity in the town's shops, bars, pubs and cafés, alongside public realm improvements, to improve the evening and night time economy.
- **Bexleyheath Development and Improvement SPD (adopted February 2010)** - provided the framework and action plan to help guide future town centre interventions and developments. The development opportunities were grouped into key focus areas (including Albion Road sites, pedestrianised Broadway and the Civic Quarter.)
- **Erith Western Gateway Development Framework (adopted January 2012)** – this SPD covers a collection of sites in the north of the town centre and adjacent to the River Thames totalling some 7.7 hectares under different ownerships. It sets out the Council's vision to transform Erith's riverfront.
- **Bexley Retail Capacity Study Update (BRCSU 2015)** – this study updated the BRCS 2008 and forecast a higher Borough-wide retail capacity for up to 7,421 sqm net of new convenience floorspace and 49,068 sqm of comparison floorspace by 2036 (based on the Council's higher housing growth scenario). This updated 2021 study will supersede the findings of the BRCSU 2015.

2.45 In addition to these documents, the **Bexley Growth Strategy (BGS)**, published in December 2017, sets out how the Council proposes to manage housing, economic growth and supporting infrastructure in the Borough up to 2050, working with a range of partners<sup>33</sup>. However, it should be noted that the delivery of the BGS is predicated on significant transport and infrastructure improvements, including the Elizabeth Line (Crossrail) extension and improvements to north-south linkages within the Borough. With that caveat in mind, the Growth Strategy has the following growth ambitions in relation to the Borough's existing town centres, and proposed new centres.

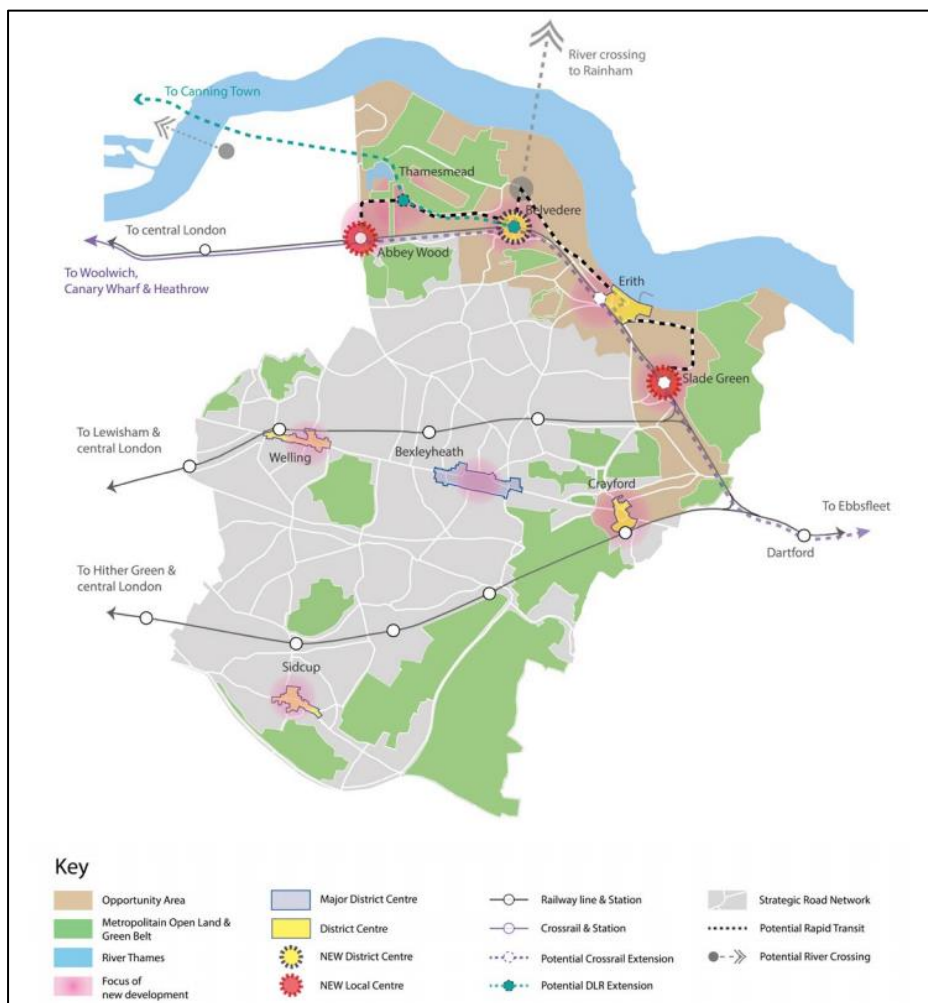
2.46 In brief, the BGS is divided into three inter-related parts. Part I identifies the main opportunities and challenges facing the Borough, and sets out the vision for a "well-connected Borough". Major infrastructure investment represents a key driver of growth<sup>34</sup>, as part of the Thames Gateway opportunity, with growth focussed in the London Plan Opportunity Areas covering **Thamesmead/Abbey Wood** and **Bexley Riverside**, as well as the Borough's main town centres. Subject to the provision of the right levels of infrastructure, in the right locations, potential is identified for up to 31,500 new homes and 17,500 new jobs. Growth areas at Belvedere, Erith, Thamesmead, Slade Green and Crayford are identified as having significant development potential. This is set out in the BGS vision extract and Key Spatial Diagram (reproduced below).

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<sup>33</sup> Partners involved in the preparation of the BGS included the Greater London Authority (GLA) and Transport for London (TfL), along with residents, businesses and other key stakeholders. See the governance structure diagram in the BGS (Figure 1, page 8).

<sup>34</sup> The key infrastructure projects include: (i) a public transit corridor, in phases, from North Greenwich to Slade Green; (ii) a docklands light rail (DLR) extension from Gallions Reach through Thamesmead to Belvedere; (iii) the extension of the Elizabeth Line (Crossrail) east of Abbey Wood towards Ebbsfleet; and (iv) the road based-river crossings connecting Belvedere with Rainham and Thamesmead with Gallions Reach.

Figure 2.4: Key Diagram - Proposed Infrastructure and Development Opportunities



Source: BGS (2019). Figure 6; page 31.

- 2.47 Part II sets out guidance for the development of the various key land uses, with the underlying objective to promote sustainable development. The Borough’s town centres are identified as the desired locations for shops, community facilities, new employment opportunities and additional housing. The key elements of the approach to town centres and retail include: (i) maintaining and strengthening the town centre hierarchy by encouraging appropriate commercial and housing development, alongside improvements to connectivity and environmental enhancements; (ii) consolidating town centre boundaries and allowing centres to adapt through greater flexibility to the mix of uses; and (iii) creating new town centres in major growth areas to service the future needs of the growing population, whilst complementing the existing hierarchy.
- 2.48 Part III puts forward a strategy for implementation. Thamesmead, Belvedere, Erith, Slade Green and Crayford are identified as the focus for growth. These Growth Areas are predominantly in the north of the Borough, focussed on existing/proposed transport hubs, and within the London Plan Opportunity Areas. The ‘Development Frameworks’ for each area are summarised in the table below.

**Table 2.1: Bexley Growth Areas – Summary of Development Frameworks**

Thamesmead	Belvedere	Erith	Slade Green	Crayford
<ul style="list-style-type: none"> <li>▪ Up to 4,000 new homes and 5,000 new jobs.</li> <li>▪ Promote medium to high density residential and employment development. Considered an appropriate location for tower development (up to 15 storeys).</li> <li>▪ Designation of Wilton Road as a Local Centre to promote shopping and service provision.</li> <li>▪ Medium density retail will service the new residential development and the Crossrail station.</li> <li>▪ Improve the employment area at Veridion Park.</li> </ul>	<ul style="list-style-type: none"> <li>▪ Up to 8,000 new homes and 3,500 new jobs.</li> <li>▪ New centre that promotes Belvedere as a sub-regional shopping destination.</li> <li>▪ Promote high density retail typology of smaller units around the transport interchange, with large retail units (servicing anchor retailers) within a shopping quarter in the new town centre.</li> <li>▪ Create a new transport interchange incorporating existing rail services and proposed extension to Crossrail and DLR.</li> <li>▪ Release of industrial land for high density residential and mixed use development.</li> </ul>	<ul style="list-style-type: none"> <li>▪ Up to 6,000 new homes and 2,000 new jobs.</li> <li>▪ Consolidate the town centre and realise the development potential of industrial and residential estates in the growth area.</li> <li>▪ Promote the extension of Crossrail, which will improve connectivity and development potential.</li> <li>▪ Higher density of residential and commercial uses (4 to 8 storeys), improvement and expansion of existing shops, businesses and services,</li> <li>▪ Promote a 'traditional high street' typology.</li> </ul>	<ul style="list-style-type: none"> <li>▪ Up to 8,000 new homes and 1,500 new jobs.</li> <li>▪ Designate Slade Green as a Local Centre and reposition new town centre uses around a new station.</li> <li>▪ Promote the extension of Crossrail, which will improve connectivity and development potential.</li> <li>▪ Promoting new employment areas to the north of the centre that link to the new Local Centre.</li> <li>▪ Promote high density development around the town centre (4 to 8 storeys).</li> </ul>	<ul style="list-style-type: none"> <li>▪ Up to 1,000 new homes and 1,000 new jobs.</li> <li>▪ Reconfigure the town centre by consolidating under-utilised secondary frontages north of the River Cray and refocusing retail activity towards the station and promoting better integration with the rest of the town centre.</li> <li>▪ Promote better movement within the town centre/</li> <li>▪ Promote more efficient use of land through medium density typologies for residential and retail development.</li> </ul>

2.49 New centres are proposed for the Abbey Wood, Belvedere and Slade Green Housing Growth Areas to meet the needs of future residents. The potential to support new retail development in these Growth Areas is assessed as part of the retail capacity assessment in Section 6.

## SUMMARY

2.50 In summary, the underlying objectives of national, regional and local plan policy is to maintain and enhance the vitality and viability of town centres, and to promote new sustainable development and economic growth in town centre locations 'first'.

2.51 This policy objective is even more critical at this point in time as town centres and high streets are facing increasing economic challenges from competing forms of retailing. These include the long term competition from out-of-centre shopping and leisure facilities and, over the last decade, the growth in online shopping. These trends and challenges have been further accelerated by the COVID-19 pandemic, and are covered in more detail in the next section.

## 3 RETAIL AND TOWN CENTRE TRENDS

- 3.1 This section summarises some of the key economic, consumer and property market trends that have driven the changes in the retail and leisure sectors over the last decade, and which will continue to shape change in the future. It also briefly examines whether and how town centres can respond to these dynamic trends to remain competitive and enhance their overall vitality and viability in the future. It should be noted at the outset that this section was written at the time of the Coronavirus ('COVID-19') pandemic.

### ECONOMIC OUTLOOK

- 3.2 In the 18-24 months prior to the pandemic the UK economy had been characterised by low growth; GDP increased by +0.3% in the third quarter (Q3) of 2019, which was the weakest growth recorded since 2010 (Q1)<sup>35</sup>. The impact of the pandemic has resulted in the UK economy experiencing the biggest annual decline in GDP (-9.9%) for over 300 years. The latest ONS figures show the economy narrowly avoided a double-dip recession in 2020 following positive growth of +1% in the final quarter due to the loosening of the COVID-19 restrictions in the run-up to Christmas. The country was subsequently placed into a third lockdown from January 2021.
- 3.3 The impact of the pandemic, to date, has also resulted in Britain's budget deficit (i.e. the gap between public spending and income from taxes) reaching the highest levels recorded since World War II. Government borrowing climbed to a record £240.9 billion in the first eight months of 2020, and the Office for Budget Responsibility (OBR) forecast that this could be around £400 billion by Summer 2021.
- 3.4 Against this background, Experian Business Strategies (Experian) predict that the economy will not recover to pre-pandemic levels until at least 2022<sup>36</sup>. However, the unprecedented nature of the global pandemic means that all forecasts are subject to greater than usual uncertainty and volatility.

### RETAIL SPENDING

- 3.5 The pandemic has inevitably had a dramatic impact on consumer spending and retail sales in 2020. Although consumer spending has been a key driver of economic growth since the BREXIT referendum in June 2016, there had been increasing signs pre pandemic that growth was starting to "soften". For example, household spending slowed to an eight year low (+1.2%) in 2019 due principally to the impact of BREXIT on consumer confidence. The latest figures show that household spending fell by over 20% quarter-on-quarter in the second quarter of 2020; the largest quarterly contraction on record. Spending on hospitality, travel and leisure was dramatically impacted during this period. Retail also suffered as businesses were forced to close; although this was partly cushioned by an increase in food and online purchases.
- 3.6 The latest Experian<sup>37</sup> retail and leisure spend per head forecasts show for:
- **Convenience goods:** a significant +8.4% growth in spend in 2020. This is explained by the increase in household spend on "essential" food and convenience goods during the pandemic. This followed

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<sup>35</sup> Sourced from the Office for National Statistics (ONS)

<sup>36</sup> Experian Retail Planner Briefing Note 18 (October 2020).

<sup>37</sup> Experian Retail Planner Briefing Note 18 (October 2020). Figures 1a and 1b. The average expenditure per capita figures are a key input to the retail capacity and leisure needs assessments.

negative growth in 2019 (-0.9%), and for most years since 2005. Experian predict that the boost to convenience spend in 2020 will start to “unwind” in 2021; assuming a return to more “normal” conditions. Experian forecast a fall in convenience spend in 2021 (-6.2%), and annual (per capita) growth over the medium to long term “flatlining” at around +0.1% up to 2038.

- **Comparison goods:** experienced a year-on-year growth from a low of -1.0% in 2009, to a high of +5.7% in 2015. Following negative growth of -8.5% in 2020, Experian predict that (per capita) growth will settle at around +3% per annum on average up to 2038. This growth forecast is significantly below the historic long term trend (1997-2019) of +5.5% per annum.
- **Leisure spend:** Following a dramatic -53.8% fall in leisure spend per head in 2020, Experian forecast a “bounce” back to growth in 2021 (+64.7%) and 2022 (+14.8%). Average yearly growth is then forecast to settle at approximately +2.5% over the period 2023-27 and +0.9% over the long term (between 2028-2038). This growth in leisure spend is consistent with the historic average growth of +1.1% per annum recorded between 2012-18, and higher than long term trend (1997-2019) of -0.6% per annum.

3.7 Clearly any further dampening of growth rates over the short to medium term due to the on-going impact of the pandemic will impact on the economic capacity forecasts identified by the study, as well as on the business models of investors and operators (including the demand for new space).

## THE RISE OF ONLINE SHOPPING

3.8 The growth in non-store retail sales has undoubtedly had the most significant impact on consumer spend and behaviour over the last decade, and on our High Streets and traditional shops<sup>38</sup>. ONS figures show that the value of non-store retail sales (including the internet) stood at £84.2bn in 2019 (in 2016 prices). This represented a significant growth from £17.1bn in 2006.

3.9 As the figure below shows, SFT’s overall market share (as a proportion of total UK retail sales) increased from 5.5% in 2006 to 25.2% in 2021. In other words online sales accounted for approximately one-quarter of every pound spent on retail goods in 2021. Of this total non-store retail sales, Experian estimate that comparison and convenience goods retailing achieved market shares of 29.1% and 18.1% respectively.

3.10 The latest Experian forecasts indicate that total SFT market shares will increase to 34.5% by 2038 (i.e. over one in every three pounds spent on retail in 17 years’ time will be online). Comparison and convenience goods non-store retail sales are forecast to reach 38% and 24.3% respectively.

3.11 Experian predict that the pace of e-commerce growth will slow over the long term as research suggests that internet use is now almost at capacity. However other research (published before the impact of the pandemic) has predicted that the growth in online sales could be even higher over the next decade; accounting for approximately 53% of total retail sales by 2028<sup>39</sup>. This faster growth it is argued will be driven by the significant improvements in the convenience and choice of online purchasing through further advances in technology (including mobile/wearable technology and Artificial Intelligence), alongside improved web-based platforms and social media. The expansion of 5G and fibre networks, cheaper and faster deliveries

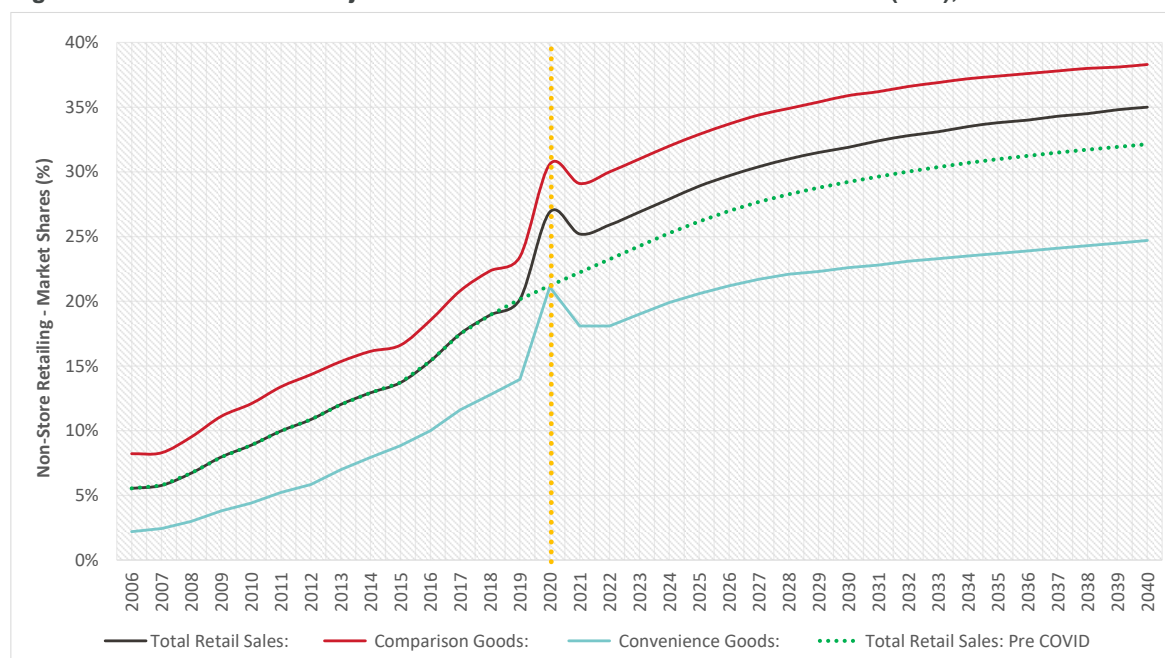
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<sup>38</sup> Non-store retailing is commonly referred to as **Special Forms of Trading (SFT)**. This comprises all non-store retail sales made via the internet, mail order, stalls and markets, door-to-door and telephone sales. On-line sales by supermarkets, department stores and catalogue companies are also included in the data collected by the Office for National Statistics (ONS).

<sup>39</sup> ‘The Digital Tipping Point – 2019 Retail Report’ (Retail Economics and Womble Bond Dickinson)

(including the potential for drone deliveries, autonomous delivery vehicles, etc.), more 'click-and-collect' options, and easier return processes will also provide the platform for higher growth in online purchases.

**Figure 3.1: Estimated and Projected Market Shares of Non-Store Retail Sales (SFT), 2006-2036**



Source: Experian Retail Planner Briefing Note 18 (October 2020). Appendix 3

- 3.12 In terms of forecasting the potential capacity for new physical retail floorspace, Experian estimate that currently approximately 25% of all SFT sales for comparison goods and 70% for convenience goods are sourced through traditional ('bricks-and-mortar') retail space, rather than through 'virtual' stores and/or 'dot com' distribution warehouses. On this basis, Experian adjust their SFT market shares downwards, to 12.2% in 2018, rising to 16% in 2021, 19.2% by 2026, 21.3% by 2031 and 23.2% by 2038. In line with standard approaches these adjusted/recalibrated market share figures are preferred for retail capacity assessments.
- 3.13 It is clear that the "digital revolution" and growth of online retailing has, and will continue to have a significant impact on Britain's retailers, sales and high streets. The early impact of Internet shopping was mainly concentrated on certain retail products and services (such as, for example, electrical goods, books, music and travel). This has resulted in a reduction in the number of retailers selling these types of products and services on the high street (for example, HMV, Currys and GAME). However this does not mean that other comparison goods categories are immune to the impact of the internet. A clear illustration of this was the acquisition of the Arcadia brands (including Topshop, Topman and Miss Selfridge) by online fashion retailer Asos in February 2020 for £330m after Arcadia collapsed into administration. Asos has purchased the stock, which it will sell online, but has no interest in the ("bricks-and-mortar") store portfolio.
- 3.14 The "digital revolution" is also impacting on how and where people choose to spend their leisure time. For example, instead of visiting the cinema or theatre, consumers can digitally stream to their televisions a vast library of filmed entertainment on demand through say Netflix or Amazon Prime, and through new recently launched channels by Apple and Disney. Social media, Skype, Zoom, etc. are also displacing face-to-face interactions. The innovation and development of these alternative digital customer experiences has accelerated during the pandemic and is exacerbating a 'digital divide' between, on the one hand, those well-resourced companies investing and competing in the digital arena, and on the other hand the small



independent businesses that serve the day-to-day needs of their local (high street) communities. Yet the success of businesses at both ends of the 'divide' is mutually dependent, and is essential to a successful high street.

- 3.15 In summary, whatever the forecast growth in online sales and market shares, it is clear that high streets, town centres and physical retailers will need to work even harder to retain their existing customer base and attract new customers over the short (post-pandemic), medium and long term. Both retailers and high streets will need to compete for shoppers and expenditure through a variety of means including creating experiences that will attract the interest and attention of potential consumers across all age and socio-economic groupings.

## **RETAILER BUSINESS MODELS AND REQUIREMENTS**

- 3.16 The challenging economic conditions and growth in online sales have had a significant and permanent impact on consumer shopping and spending behaviour. As a result retailers are having to constantly review and rapidly adapt their business strategies, requirements and store formats to keep pace with the rapid changes in the sector.
- 3.17 These dynamic trends are best illustrated by the changes in the grocery sector over the last decade. In the circa 25 years up to 2010 the sector enjoyed a period of strong growth, principally driven by new larger format store openings in predominantly edge and out of centre locations. Since 2010 the top-5 main grocery operators (i.e. Tesco, Sainsbury's, Asda, Waitrose and Morrisons) have dramatically changed their business models; with a focus now on growing market share through online sales, and opening new smaller convenience store formats (including Tesco Express, Sainsbury's Local and Little Waitrose). As a consequence, applications for large store formats have slowed to a virtual standstill over the last decade and extant permissions have not been implemented. Outside of the so-called top-5 grocers, the 'deep discount'<sup>40</sup> food operators (namely Aldi and Lidl) have significantly increased their respective market shares through new store openings. Notwithstanding this the grocery and convenience sector has been one of the biggest "winners" during the pandemic, as the majority of households have been forced to work from home and only the foodstores and essential stores have been open during the series of lockdowns, including local independents.
- 3.18 The non-food retail sector has also experienced a significant impact from the rise of online shopping over the last decade, which has impacted on business models and store viability. Many well-known retailers have either closed or have significantly reduced their store portfolios. Although 2019 was generally regarded as one of the hardest for the retail sector for over 25 years (with a net closure of some 7,550 retail units), this was surpassed in 2020 due to the impact of the pandemic. The *Centre for Retail Research* (CRR) identified, for example, that over 16,000 shops closed across the UK in 2020, impacting on over 180,000 jobs, and this trend is being mirrored by the figures for 2021. The pandemic has accelerated the demise of a number of high profile retailers that were already struggling due to falling sales and increasing costs/debt (including Debenhams, Oasis, Warehouse, Laura Ashley, the Arcadia Group and Kath Kidston). These impacts are being experienced by all high streets and shopping locations, including Bexley's main centres.

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<sup>40</sup> Also referred to as 'Limited Assortment Discounter' ('LADs') by the Competition Commission Report.

3.19 National retailers with extensive high street store portfolios are struggling to maintain market shares and remain profitable in the increasingly competitive environment. The higher costs of trading from high streets compared with online and out-of-centre retailing, also means that it is not a “*level playing field*” and many high street businesses are burdened with rising debts. This is a further contributing factor to the significant number of store closures that have occurred over recent years. Although some retailers are better positioned to cope with the growth in online shopping, and the shifts in consumer behaviour and preferences, many are struggling to position themselves quickly enough to absorb rising costs/debt, and engineer the vital transition to a more technology-focussed business model. These trends and challenges will have been further exacerbated and accelerated by the pandemic.

## RISING OCCUPANCY COSTS

3.20 As described above, ‘*Bricks and mortar*’ retailers are having to absorb higher than inflation increases in year-on-year occupancy costs (for example, rents, business rates, service charges, staff costs, etc). Research shows that, on average, retailers’ operating costs increased by +3.5% in 2018. This outpaced sales growth for many retailers, eroding profitability and resulting in more store closures. As described above it is not a “*level playing field*” between high street and online retailing, or between high street and out-of-centre retailing. In response to the budgetary challenges from rising costs and tight margins, retailers will need to drive up efficiencies and productivity from existing floorspace to remain viable.

3.21 In this context, it is standard practice for retail planning assessments to make a reasonable and robust allowance for the year-on-year growth in the average sales densities of existing and new (comparison and convenience) retail floorspace for it to remain vital and viable. However, there is limited evidence detailing actual changes in the turnover and profitability of retailers over time. The latest *Retail Planner Briefing Note* (RPBN) prepared by Experian provides forecasts of annual floorspace productivity growth rates based on two different scenarios:

- the ‘**constant floorspace scenario**’, based on limited potential for new retail development, resulting in greater efficiency of existing floorspace; and
- the ‘**changing floorspace scenario**’, which takes account of the impact of new retail development on average retailer sales performance.

3.22 The table below sets out the differences between the two scenarios.

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

	2020	2021	2022	2023-27	2028-40
<b>CONSTANT FLOORSPACE:</b>					
Convenience Goods:	5.4%	-4.8%	0.7%	0.3%	0.3%
Comparison Goods:	-14.1%	8.6%	3.4%	2.6%	2.9%
<b>CHANGING FLOORSPACE:</b>					
Convenience Goods:	5.4%	-4.7%	0.8%	0.0%	0.0%
Comparison Goods:	-14.1%	10.1%	4.5%	3.0%	2.6%

Source: Experian Retail Planner Briefing Note 18 (October 2020). Figures 3b/3c and 4a/4b.

3.23 As Experian explain, budgetary pressures mean that retailers will have to increase efficiencies from current floorspace: including through redevelopment/repurposing of existing floorspace; adoption of new technology and innovations; more effective marketing strategies; and using internet sales to increase the sales

performance of physical shops. This is against a backdrop of weak demand for retail property, high vacancy levels and a significant fall in new retail-led development in centres across the UK. Experian conclude that these trends confirm the limited prospects for new retail floorspace development in the future. For these reasons we prefer to test higher 'productivity' growth rates for retail planning assessments, as we believe they are more robust as better reflect trends at the national and local level. The testing of higher 'productivity' growth rates also supports the "town centre first" policy approach, as it allows existing retailers to increase their sales potential and profit margins to remain viable.

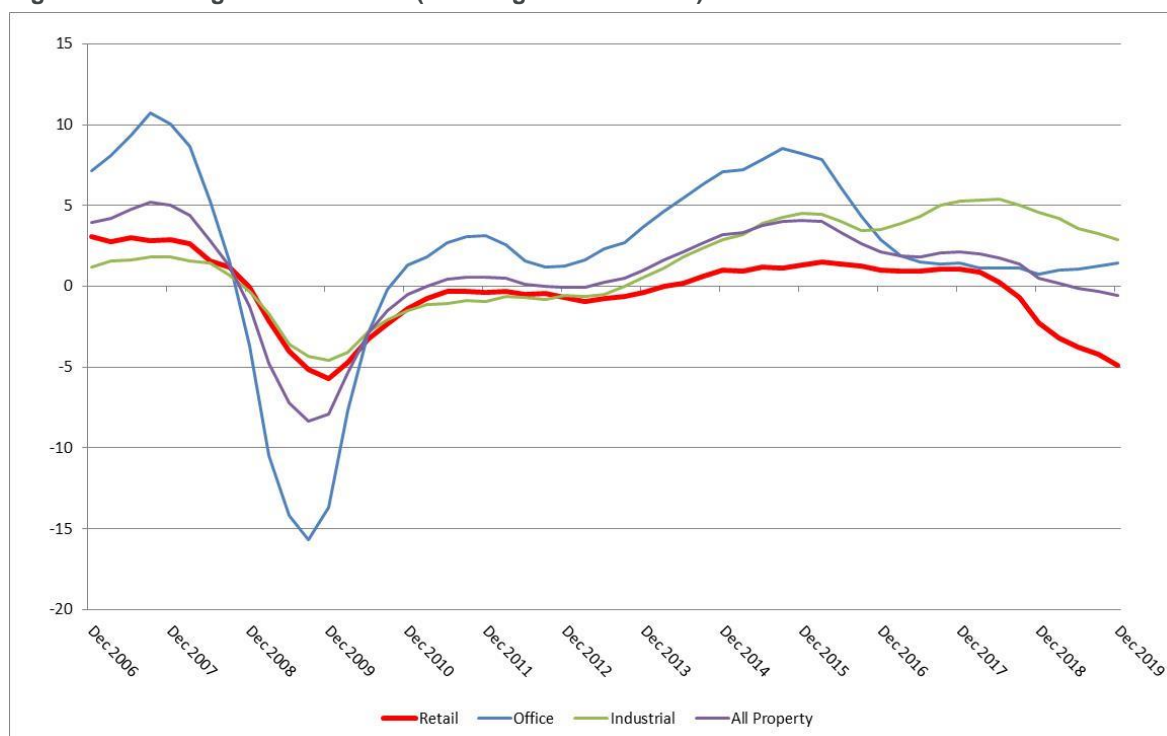
## **RETAIL & SHOPPING CENTRE INVESTMENT**

- 3.24 The rise in the number of retailer "casualties" and vacancy levels has created a challenging environment for existing retailers and investments in towns and shopping centres across the UK. The current investment climate is becoming increasingly polarised. The strongest regional shopping locations generally have the best prospects for attracting new investment, as they generally benefit from strong catchments and have the necessary critical mass of shops, leisure facilities and other town uses to remain commercially viable and attractive investment propositions. Outside of the regional shopping locations it is the more secondary towns and shopping locations that potentially remain vulnerable to further reductions in their existing retail and commercial offer. This is against the backdrop of limited and falling demand for new shops and commercial space.
- 3.25 Demand for retail space in centres across the UK has fallen dramatically since 2007 and is currently at an all-time low. This fall is impacting on property values and rents. For example, LSH research conducted before the pandemic showed that the retail sector recorded a +4.9% year-on-year fall in rents in May 2019<sup>41</sup>. As the figure below shows, retail has also performed poorly compared with the other property sectors since the economic crisis in 2007/08. This trend has been further exacerbated by the pandemic.
- 3.26 In simple terms many centres and shopping locations across the UK simply have too much retail floorspace stock, or they have the "wrong type" of retail floorspace that does not meet the needs of modern national retailers for larger format shop units. Some analysts indicate that there was as much as 30% too much physical space in the retail sector pre pandemic. This over-supply of retail floorspace and limited market demand is placing further pressures on the viability of existing stores and shopping centres. In turn, this makes it difficult for landlords, investors and retailers to justify additional capital expenditure.
- 3.27 The shopping centre sector also has faced significant challenges over the past decade. In recent years, the response to diminishing demand from traditional retailers has been to turn to the casual dining and commercial leisure (for example, cinemas) to take up surplus space. However, this is now becoming increasingly difficult due to the pressure on disposable income, and a fall in demand from food and beverage operators in an increasingly "saturated" market. A trend that has been further accelerated by the pandemic. As a result, shopping centre owners and landlords are struggling to retain existing tenants, let alone attract new retailers into vacant shops.

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<sup>41</sup> LSH research using MSCI data

**Figure 3.2: Average Rental Growth (% Change Year-on-Year)**



Source: MSCI

- 3.28 The demise of Intu Properties is an example of the impact of these trends on the shopping centre sector. With total debts of £4.5bn it was forced into administration in June 2020; notwithstanding that it owns some of the highest profile shopping centres in the UK (including Glasgow's Braehead Centre, Manchester's Trafford Centre, Nottingham's Victoria Centre and Norwich's Chapelfield). Intu's business model, like most shopping centre owners, relied on ever-rising rental income from its tenants, along with a year-on-year increase in the value of its property portfolio; but these traditional models are "broken". The pandemic has effectively accelerated the structural changes that were already impacting on the retail and shopping centre sectors.
- 3.29 Research shows that over the last 5-6 years, as many of the traditional investors in retail and shopping centres have looked to "exit" the sector, local authorities have been more acquisitive. For example, the joint research by LSH and Revo<sup>42</sup> shows that Councils invested a record £775m purchasing shopping centres between 2016-2019. The investment and business rationale for many of these purchases was to provide local authorities with more control of the planning, regeneration and management of their town centres. The funding of these purchases was also generally supported by low-cost loans from the Public Works Loan Board ('PWLB'). For example the London Borough of Hackney has acquired high street units, which has allowed it to manage and curate the optimum mix of retail, leisure, services and other uses at affordable rents. Other London authorities have taken similar approaches, involving the acquisition of multiple town centre units including whole assets (e.g. shopping centres) to help "take back control" and drive forward regeneration opportunities. However, the impact of pandemic on the retail and the shopping centre sectors, along with tighter restrictions on PWLB lending and higher risks generally, has inevitably impacted on Council purchases of shopping centre and retail property assets.

<sup>42</sup> LSH and Revo research paper published in 2019 entitled: 'Fixing Our Broken Town Centres'

## COMPETITION FROM OUT-OF-CENTRE RETAILING

- 3.30 The development and take-up of food and non-food out-of-centre space has also slowed over recent years, in line with the trends impacting on high streets and town centres. As described above, the main grocery retailers have pulled back from new larger format superstore openings in edge and out of centre locations to focus on maintaining and increasing market shares through online sales and opening smaller convenience outlets. The exception to this is the deep discounters, Aldi and Lidl, who continue to seek new sites in mainly edge and out of centre locations.
- 3.31 Vacancy levels in out-of-centre retail warehouses and parks have also increased over the last decade following the closure of major operators (such as, for example, Toys R Us, Poundworld, Office Outlet, etc.), and a reduction in the store portfolios of other major out-of-centre retailers (such as, for example, B&Q and Homebase). There are likely to be further increases in closures, particularly in the poorly performing “*first generation*” and secondary shopping locations, as leases come up for renewal and more retailers go into administration. As a result a number of out-of-centre foodstore and retail warehouse sites are being repurposed and/or redeveloped for alternative uses, including logistics and residential uses.
- 3.32 Notwithstanding this, most out-of-centre shopping locations retain their significant competitive advantages over town centres and high streets in terms of their supply of larger format modern outlets, their lower occupancy costs, extensive free parking and convenient access to the road network. This is still an attractive proposition for those retailers that are still seeking space in the current market. For example, as part of its revised business model Marks & Spencer has closed a number of its traditional high street stores and “*replaced*” these with ‘Simply Food/Food Hall’ branded stores in out-of-centre locations (for example in Dover, Maidstone, Great Yarmouth, Harlow, Wakefield and Rugby). As a result, retailers who previously anchored the vitality and viability of town centres, are now competing directly with high streets for shoppers, spend and sales.

## RETAIL TRENDS & LONDON’S TOWN CENTRES

- 3.33 All the trends that are impacting on the retail and leisure sectors, and on towns and high streets at the national level, are also impacting on London and its centres.
- 3.34 For example, the trend towards the polarisation of centres has long been identified by research<sup>43</sup>. London’s larger International and Metropolitan Centres, and best performing Major Centres, generally have strong and growing catchments, and are expected to attract the most significant investment and operator demand. The table below provides a list of the top performing centres/shopping locations in London, compared with Bexley, based on their VENUESCORE<sup>44</sup> Ranking and their classification in the London Plan (March 2021).

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<sup>43</sup> See for example the Outer London Commission - Third Report (July 2014).

<sup>44</sup> Venuescore is Javelin Group’s annual ranking of the UK’s top 3,000+ retail venues based on provision of multiple retailers including anchor stores, fashion operators, and non-fashion multiples, where each operator is given a weighted score to reflect its overall impact on shopping patterns and the attraction of centres.

**Table 3.2: The London Plan Centre Classifications and VENUESCORE Rank**

Centre	Borough	London Plan Classification	Rank
Oxford Street	Westminster	International	10
Westfield Shepherds Bush	Hammersmith & Fulham	Metropolitan	23
Westfield Stratford	Newham	Metropolitan	26
Bromley	Bromley	Metropolitan	38
Knightsbridge	Kensington & Chelsea	International	41
London Docklands/ Canary Wharf	Tower Hamlets	Metropolitan	57
Kings Road	Kensington & Chelsea	Major	72
Wimbledon	Merton	Major	121
Bexleyheath	Bexley	Major	156
Woolwich	Greenwich	Major	274
Orpington	Bromley	Major	300
Barking	Barking & Dagenham	Major	343
Welling	Bexley	District	558
Sidcup	Bexley	District	819
Erith	Bexley	District	1276
Crayford	Bexley	District	n/a

Sources: The London Plan 2021 – Town Centre Network (Annex 1) and Javelin VENUESCORE Ranking of Centres and Shopping Locations (2018)

- 3.35 As the larger centres strengthen their roles and attraction, research indicates that smaller centres will survive by serving the basic “essential” local convenience needs and essential services of their local resident (“walkable”) catchment populations. The rise of “essential” shopping in local shops and centres has been further illustrated by the impact of the pandemic, as more people had had to work from home and shop locally. These trends should help to maintain and enhance the future vitality and viability of London’s smaller centres, with a strong mix of food and convenience uses, along with essential services and other town centre uses.
- 3.36 While London’s stronger larger centres and smaller local centres are better positioned to respond to the impacts of the pandemic and long term retail and market trends, it is some of London’s mid-range centres that potentially have a more uncertain future and role. These centres are experiencing a fall in their retail offer and demand due to the competition from larger centres and online sales. They will therefore have to find alternative non-retail uses to fill the voids and help maintain their competitive positions. In this context it could be London’s poorly performing “*in-between*” centres (including some Major Centres) that are more likely to struggle. According to an earlier GLA study<sup>45</sup>, one of the reasons why District Centres are more resilient than Major Centres, is because Major Centres fulfil similar functions to Metropolitan/International Centres and therefore the risk of losing businesses and customers to these high order centres is greater.
- 3.37 It is therefore essential for local authorities to prepare and implement evidence-based strategies for their network of centres. These strategies will have different objectives and outputs for different centres, but essentially they should identify: how the centres are currently serving their local catchments or communities, and whether they are performing against their designated role/function in the hierarchy; and where a centre

<sup>45</sup> Looking forward, GLA Economics, 2013

is failing, assess the need to reposition and repurpose the role and function of the centre for alternative and more flexible uses.

- 3.38 For example, the role of flexible office space, education, healthcare, civic and community uses is becoming a more important and integral town centre offer. Looking at office uses in particular; the impact of the pandemic has dramatically changed work practices with most people, apart from key workers, having to work from home since March 2020. In turn, this is impacting on business models and the demand for office space, with a number of key businesses taking the decision to “*downsize*” their floorspace needs and, in some cases, adopt a “*hub-and-spoke*” model. Although this could impact on traditional office “hubs” such as the City, Mid-Town and London’s West End, it could also create significant opportunities for commuter towns and smaller centres (e.g. Major and District centres) to provide affordable and flexible workspace near transport hubs. Co-working office space, which provides flexible and generally more affordable desk space within a shared office environment, was a key growth area pre pandemic. Post pandemic there could be an accelerated growth in the demand and take-up of flexible work space, which will help utilise some of the vacant space resulting from retail and leisure closures. Examples in London include the reoccupation of former department store units (Whitechapel), and the part occupation of existing department stores (e.g. Selfridges and BHS on Oxford Street). There may therefore be potential within Bexleyheath and the Borough’s District centres to support co-working space, which would also help to support the daytime and evening economies of those centres.
- 3.39 Opportunities to promote new housing within town centres is also supported. The concept of ‘living over the shop’ has long been promoted as way of utilising redundant upper floors in centres. However, the concept is more important than ever as the demand for new housing sites continues to grow. There is now a renewed focus on the development of ‘air space’ over existing low density commercial property. Foodstores are a prime example, with Tesco and Morrisons currently promoting residential development on upper floors to existing stores. In addition, there are many new schemes coming forward by Lidl and Aldi that incorporate residential development.
- 3.40 In summary, the Borough’s main centres will all be vulnerable to decline in their retail and leisure offer. Therefore, policy needs to consider how town centres can diversify their offer by looking beyond retail and leisure as a way to secure the future of these centres.

## **SUMMARY**

- 3.41 In summary, our towns, traditional high streets and shopping centres have been challenged for more than a decade by falling market demand, rising occupancy costs and increasing competition from online and out-of-centre shopping. These trends have been further accelerated and compounded by the COVID-19 pandemic; and are resulting in an increase in vacant shop units, often in primary shopping areas, as retailers and occupiers either choose to downsize and/or close stores in some locations (e.g. Marks & Spencer), or they are forced out of business altogether due to failing business models and unmanageable debts (e.g. the Arcadia Group).
- 3.42 Today, many of our traditional towns and shopping centres simply have too much retail space. The critical challenge over the short, medium and long term will be how to retain existing businesses, fill/replace the voids and attract new investment. The danger is that an increase in long-term vacancies in centres will lead to a ‘spiral of decline’, which will further engender feelings of neglect and lack of investment confidence in

town centres, and “push” more people to shop online. In those cases where retail vacancies are long-term and more often than not concentrated in secondary shopping streets/pitches, it will be necessary to plan for alternative uses and/or consider options for redevelopment.

- 3.43 We consider the potential implications of these trends and the options for Bexley’s main centres in more detail throughout the rest of this study.



## 4 HEALTH CHECKS & COMPETITION PROFILE

- 4.1 This section summarises the findings of the town centre health check assessments for Bexleyheath, Crayford, Sidcup, Welling and Erith<sup>46</sup>. The detailed health checks are set out in the Volume 2 study. This section also briefly reviews current and planned investment in high order centres, shopping and leisure locations in neighbouring authorities, to help understand the potential challenges and competitive threats to the vitality and viability of the Borough's main centres. The Council has also carried out its own separate review of the relative role and function of the Borough's smaller Neighbourhood Centres, and the evidence and findings are set out in a separate '*Retail Technical Paper*'.

### TOWN CENTRE HEALTH CHECKS - SUMMARY

- 4.2 Health checks are recognised as important planning 'tools' for appraising and monitoring changes in the overall attraction and performance of town centres, and informing the preparation of robust strategies and plans. As described in Volume 2 (Section 2), the 2018 health checks were based on the *Key Performance Indicators* (KPIs) set out in the PPG<sup>47</sup>. The assessments are informed by different data sources and market intelligence, including published research, site visits and market research surveys carried out at the time. Taken together these KPIs enable a robust assessment of each centre's SWOTs (Strengths, Weaknesses, Opportunities and Threats), and help to identify any significant "gaps" in provision.
- 4.3 We advise the Council to update the health checks originally carried out for this study before the end of 2021. This will provide an understanding of how the Borough's centres are performing (including changes in vacancy levels, footfall, and the diversity of uses), considered against the background of the dynamic trends in the retail and leisure sectors, the series of planning reforms issued by the Government over the last 12 months, and the impact of the pandemic. Thereafter, we recommend that the Council carries out regular health checks at least every year to monitor the impact of the critical trends and policy reforms on the vitality and viability of the Borough's centres.
- 4.4 By way of overview the table below shows the scale of the retail, leisure and service provision in the Borough's main centres at 2018 (measured by outlets and floorspace) based on the information set out in *Experian Goad Category Reports*<sup>48</sup>.
- 4.5 Bexleyheath is the Borough's largest centres, and the four other main centres vary in size. Erith is the smallest of the four centres, with a total floorspace of 27,676 sqm, and Welling is the largest, with a total floorspace of 44,658 sqm.

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<sup>46</sup> The health check evidence and findings presented in the Volume 2 study and summarised in this section relate to assessments carried out in 2018. The Council did not commission LSH to update the health checks as part of the April 2021 commission, as it was decided that more time was needed before the full impacts of the pandemic on each centre could be robustly assessed. The health checks will therefore be updated in full in late 2021, or early 2022.

<sup>47</sup> Paragraph 006. Reference ID: 2b-006-20190722

<sup>48</sup> The floorspace figures set out in the Experian Goad Reports are derived from Goad Plans that show the 'footprint' floorspace and the site area without the building lines. Although they do not provide a definitive report of gross or net floorspace in centres, they do provide a useful means of comparison between centres, as all outlets are measured in a consistent manner.

**Table 4.1: Bexley Borough Centres – Total Outlets and Floorspace (2018)**

Category	OUTLETS		FLOORSPACE	
	No	% of Total	sqm	% of Total
Bexleyheath	311	30.3%	93,107	37.6%
Crayford	128	12.5%	38,397	15.5%
Erith	72	7.0%	27,676	11.2%
Sidcup	240	23.4%	43,490	17.6%
Welling	274	26.7%	44,658	18.1%
<b>TOTAL</b>	<b>1,025</b>	<b>100.0%</b>	<b>247,327</b>	<b>100.0%</b>

Source: Experian Goad Category Reports (2018)

- 4.6 The following tables and commentary summarise the main SWOTs (Strengths, Weaknesses, Opportunities and Threats) for each centre. It should be noted that although this assessment is based on the healthchecks and audits conducted in 2018, it does also take account of the findings of the Council’s ‘*Town Centres Strategy*’ published in July 2019 (which was also informed by wide-ranging stakeholder engagement). The findings will therefore help to identify the relative performance of the main centres in the Borough’s network and hierarchy of centres, and any significant “gaps” in provision.

## Bexleyheath

- 4.7 The table below summarises Bexleyheath’s SWOTs based on the key healthcheck indicators.

STRENGTHS	OPPORTUNITIES
<ul style="list-style-type: none"> <li>○ Largest centre in the Borough and classified as a Major Centre in the London Plan.</li> <li>○ Borough’s main shopping, service, employment and civic centre</li> <li>○ Top ranked centre in Borough. Improved its national VENUESCORE rank from 165<sup>th</sup> in 2014 to 156<sup>th</sup> in 2018.</li> <li>○ Good and diverse comparison offer - anchored by key retailers along the Broadway and in the Broadway Shopping Centre.</li> <li>○ The eastern end of the Broadway also provides a culture and leisure cluster, including a cinema and restaurants.</li> <li>○ Strong food and convenience offer - anchored by Asda and Sainsbury’s.</li> <li>○ Diverse mix of multiple and independent operators.</li> <li>○ Vacancy levels (outlets and floorspace) were below the national average in 2018. However, vacancies were higher outside of the core shopping area.</li> <li>○ Linear centre with good accessibility, permeability and linkages by foot and public transport.</li> <li>○ Good parking provision.</li> <li>○ The iconic Clock Tower area is a key focal point and contributes to the sense of place.</li> <li>○ Bexleyheath has had a Business Improvement District (BID) since 2011. It represents around 200 businesses and plays an active role in delivering events and business training.</li> </ul>	<ul style="list-style-type: none"> <li>○ The area immediately outside the Clock Tower should be improved to host events, etc..</li> <li>○ Leisure operators should also be encouraged within this area to include outdoor seating that could create a sociable atmosphere.</li> <li>○ Potential to support more specialty markets and expand the events program supported by Bexleyheath BID.</li> <li>○ Potential to host a weekly pop up food and retail market.</li> <li>○ Potential to increase dwell times in the centre by providing more diverse uses, more event-based activities and improvements to the overall environment.</li> <li>○ Potential to improve evening and night-time economy through provision of more leisure and cultural attractions.</li> <li>○ Potential to strengthen marketing of centre to existing and wider catchment.</li> <li>○ Improve signage and wayfinding across centre, and links to railway station.</li> <li>○ Introduce more residential and flexible uses in the town centre, to the take up and/or repurposing of vacant units.</li> </ul>

WEAKNESSES	THREATS
<ul style="list-style-type: none"> <li>○ There is a noticeable difference between the core and non-core shopping frontages in terms of composition and environmental quality. This creates a divide in the Town Centre.</li> <li>○ Car is the main mode of travel to the centre; which places pressure on the town's road network (including noise and emissions) and car parking.</li> <li>○ The in-centre survey identified some dissatisfaction with cost of parking in the centre.</li> <li>○ Some buildings along the Broadway are run down and in poor quality.</li> <li>○ The in-centre survey results indicated that Bexleyheath is not a main evening destination, or a destination for cultural activities.</li> </ul>	<ul style="list-style-type: none"> <li>○ Sits below Bluewater (27<sup>th</sup>) and Bromley (38<sup>th</sup>) in the rankings.</li> <li>○ Investment in Bluewater and other competing shopping and leisure destinations (and further attraction of free parking at Bluewater).</li> <li>○ The growth of online shopping and leisure activities.</li> <li>○ The long term impacts of the pandemic on the viability of retail, leisure and other town centre business leading to closures.</li> <li>○ A rise in vacancy levels, and consequent fall in trips and footfall.</li> <li>○ The potential impact of new PDR allowing changes from Class E (including shops) to residential (Class C3) outside of planning controls.</li> </ul>

- 4.8 In summary, Bexleyheath was identified as a vital and viable town centre by the 2018 health check. It benefitted from a good choice of retail and service outlets, as well as a welcoming and pleasant shopping environment.
- 4.9 However, the centre is vulnerable to increased competition from Bluewater, and other potential investment in nearby centres outside of the Borough. Published requirements from retail and leisure operators indicated that demand for space in the town centre was limited in 2018; and investor confidence and market demand will have been further impacted since by the effects of the pandemic.
- 4.10 Opportunities to revitalise and diversify the town centre should be pursued to help strengthen its daytime, evening and night-time economy<sup>49</sup>. Although demand from traditional high street retailers for representation in the town is limited, there could be potential to improve the town's street market and independent offer.
- 4.11 There is also potential to promote more residential and employment uses in the town centre. These non-retail uses would help to support Bexleyheath's overall vitality and viability, by generating increased trips, footfall and spend in existing shops and businesses.
- 4.12 Opportunities were also identified for improvements to the town centre environment and place-making. These included the potential to revitalise and improve the area focussed on the Clock Tower, with the potential for it to host more events and evening activities.
- 4.13 Finally, there is a need to promote the town's unique selling points (USPs) – along with the Borough's other main centres and assets – to help retain existing shoppers and visitors from within the Borough and further afield, as well as attract more visitors and longer dwell times to Bexleyheath and other centres. As part of this promotion, targeted events and pop-ups can help attract new visitors and make a significant contribution to the centre's overall vitality and viability.

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<sup>49</sup> The "evening" economy generally relates to all leisure activities that are open until around 11pm. The "night-time" economy is generally defined as businesses and activities with late night licences that are open beyond 11pm, particularly at the weekend.

## Crayford

4.14 The table below summarises the key SWOTs for Crayford based on the healthcheck conducted in 2018:

STRENGTHS	OPPORTUNITIES
<ul style="list-style-type: none"> <li>○ Classified as a Major District Centre in the adopted plan, and a District Centre in the London Plan.</li> <li>○ Has a relatively good food and convenience provision - anchored by Sainsbury's, Aldi and Iceland food stores.</li> <li>○ Good comparison offer - Tower Retail Park is a major generator of trips and spend, and accommodates a number of major comparison multiples in larger format units.</li> <li>○ Tower Retail Park serve the needs of both Crayford's local catchment, and car-borne shoppers living within and outside Bexley Borough.</li> <li>○ Good service provision in terms of retail and leisure services.</li> <li>○ Good accessibility throughout the centre in terms of pedestrian flows and public transport.</li> <li>○ A train station at the edge of the town, with connections to both London and Kent.</li> </ul>	<ul style="list-style-type: none"> <li>○ Potential to introduce more leisure services on Crayford Road to complement Tower Retail Park.</li> <li>○ Opportunities to promote better linkages between Tower Retail Park and the rest of the town centre to help promote linked trips and expenditure, and longer dwell times.</li> <li>○ Potential for better signage and wayfinding.</li> <li>○ Potential for a market.</li> <li>○ Potential to improve the town centre environment.</li> <li>○ Introduce more residential and flexible uses in the town centre.</li> </ul>
WEAKNESSES	THREATS
<ul style="list-style-type: none"> <li>○ Disconnection between Tower Retail Park and the rest of the town centre.</li> <li>○ The 15 vacant outlets in 2018 represented a vacancy level of 11.7%, which was above the national average (11.2%).</li> <li>○ Vacancies were mainly concentrated in smaller units in more secondary locations/streets.</li> <li>○ Under provision of financial services (no banks).</li> <li>○ No street or covered market.</li> <li>○ Limited evening and night-time economy.</li> <li>○ Poor cycling infrastructure and lack of bike parking</li> <li>○ Traffic congestion and noise is perceived as an issue, particularly from the A207 and when roadworks are taking place.</li> <li>○ The town centre as a whole lacks identity and character – poor public realm in places and lack of green spaces.</li> </ul>	<ul style="list-style-type: none"> <li>○ Investment in Bluewater and other competing shopping and leisure destinations.</li> <li>○ The growth of online shopping and leisure activities.</li> <li>○ The long term impacts of the pandemic on the viability of retail, leisure and other town centre business leading to closures – potential threat to larger format stores in the retail park.</li> <li>○ A rise in vacancy levels and fall in trips and footfall.</li> <li>○ The potential impact of new PDR allowing changes from Class E (including shops) to residential (Class C3) outside of planning controls.</li> </ul>

4.15 In summary, Crayford is a relatively healthy centre based on its KPIs. The high profile multiples in the Tower Retail Park are a major draw, and its food offer is anchored Sainsbury's and Aldi. Crayford's main weaknesses are its poor environment, high levels of traffic, poor connections between the different parts of the centre, and the lack of a distinct identity and character.

4.16 The poor linkages throughout the centre - and specifically the links between the Tower Retail Park and the centre's other shops, businesses and facilities - mean that it is not capturing the additional benefits of linked trips, footfall and expenditure. Providing better linkages, signage and wayfinding would help to increase "dwell times" and benefit the overall town centre economy.

4.17 Like the Borough's other centres, Crayford is vulnerable to competition from other shopping locations and the growth in online retailing. It is also heavily reliant on the multiples in the Tower Retail Park. In this context there is a needed to diversify its retail, leisure and town centre uses, and provide more flexible space to help build greater resilience into its overall offer, vitality and viability.

## Erith

4.18 The table below summarises the key SWOTs for Erith:

STRENGTHS	OPPORTUNITIES
<ul style="list-style-type: none"> <li>○ Erith is located to the north-east of the Borough with frontage on to the River Thames.</li> <li>○ Classified as a Major District Centre in the adopted development plan and a District Centre in the London Plan.</li> <li>○ The train station is within relatively easy walking distance of the town centre – on the opposite side of the A2106 – with direct connections to London Cannon Street and Kent</li> <li>○ Had a relatively good convenience and comparison offer in 2018 - principally meets the needs of its local catchment.</li> <li>○ The Riverside Shopping Centre positively contributes to the town's shopping offer and attraction, and accommodates the majority of the town's multiple retailers.</li> <li>○ Morrisons is the main food anchor and a key generator of trips, footfall and spend.</li> <li>○ Had a high representation of service outlets in 2018 – mainly smaller format, independent businesses.</li> <li>○ There were 5 vacant outlets in 2018, equivalent to a vacancy level of 6.9%, which was below the national average (11.2%).</li> <li>○ Other key assets include the old Carnegie Library, Erith Pier (the longest in London) and the riverside gardens.</li> <li>○ Diverse community, community groups and services.</li> </ul>	<ul style="list-style-type: none"> <li>○ The town centre is identified as one of the Borough's major growth locations (based on the Bexley Growth Strategy).</li> <li>○ Forecast to accommodate up to 6,000 new homes in or within short distance of the town centre during the next 30 years.</li> <li>○ Potential to improve the overall quality of the independent offer, and explore potential for street/covered market.</li> <li>○ Potential to capitalise on River Thames location to support future growth, and attract more visitors to town and area.</li> <li>○ Better links to the Riverside could encourage more day-trips and longer dwell times by residents and visitors.</li> <li>○ Sites and buildings within the Council's ownership present strong opportunities for redevelopment; including potential for more flexible and affordable retail, food and beverage uses.</li> <li>○ Develop more homes in the town centre that cater for different age and income groups..</li> <li>○ Improve wayfinding and legibility of public spaces – poor connectivity with station, the river and wider residential area</li> <li>○ Improve environment and public realm – including tree planting and “greening” of town centre.</li> </ul>
WEAKNESSES	THREATS
<ul style="list-style-type: none"> <li>○ The town is largely constrained and divided by the A2016. This reduces permeability into the town centre, especially for pedestrians. It also places constraints on future growth/ expansion and development</li> <li>○ It had fallen in the national ranking between 2014-2018, from 1,118<sup>th</sup> to 1,276<sup>th</sup></li> <li>○ The independent offer is largely of low quality.</li> <li>○ It had a limited café and restaurant offer in 2018; and limited evening and night-time economy.</li> <li>○ There is no street or covered market.</li> <li>○ No BID or similar town centre body.</li> <li>○ The car is the main mode of travel to the centre, which creates issues of congestion, noise and emissions.</li> <li>○ Wayfinding and legibility of public spaces – poor connectivity with station, the river and wider residential area.</li> <li>○ Lacks an identity or character – no sense of arrival or central focus.</li> </ul>	<ul style="list-style-type: none"> <li>○ Competition from nearby towns (e.g. Bexleyheath and Welling) and Bluewater.</li> <li>○ The growth of online shopping and leisure activities.</li> <li>○ The long term impacts of the pandemic on the viability of retail, leisure and other town centre business leading to closures.</li> <li>○ A rise in vacancy levels and fall in trips and footfall.</li> <li>○ The potential impact of new PDR allowing changes from Class E (including shops) to residential (Class C3) outside of planning controls.</li> </ul>

4.19 In summary, Erith is meeting the shopping and service needs of its resident catchment population. The low vacancy rate, and presence of key multiples contributes to the town centre's offer and overall attraction.

4.20 There is significant potential to build on and promote the centre's riverside and heritage assets to attract a wider catchment, and increase the number of day-trippers, visitors and tourists to the centre and Borough. Building on projects such as the Carnegie Building refurbishment and community events, such as the Pier Festival, will help to strengthen Erith's brand and identity – both with the local community, but also with visitors from a wider catchment.

4.21 There is also a need to introduce more leisure uses and attractions into the town centre, to help grow the evening and night-time economy. Alongside this, a regular programme of events and activities in the centre, linked to other events across the Borough, would help to attract a more diverse shopper and visitor profile. In turn this will help to create a more resilient town centre economy.

4.22 Other Improvements are needed to accessibility and wayfinding/signage, and to the town centre environment generally. There is a lack of green spaces and tree planting across the town centre to help break up the environment. Improvements to the public realm and the provision of green spaces will make a significant contribution to the town’s overall vitality and viability, as well as to the health and well-being of shoppers, workers and visitors.

## Sidcup

4.23 The table below summarises Sidcup’s main SWOTs:

STRENGTHS	OPPORTUNITIES
<ul style="list-style-type: none"> <li>○ Classified as a Major District Centre in the adopted plan, and a District Centre in the London Plan.</li> <li>○ Main shopping destination for residents living in the south of Bexley Borough, with a catchment that extends into other neighbouring authority areas.</li> <li>○ Morrison’s and Little Waitrose stores are important anchors that help generate linked trips and footfall across the High Street throughout the week.</li> <li>○ Sidcup had improved its national VENUESCORE ranking from 879<sup>th</sup> in 2014 to 819<sup>th</sup> due to new investment.</li> <li>○ Strong provision of retail, leisure and financial services.</li> <li>○ Sidcup Business Improvement District (BID) - runs seasonal events (approximately 4x a year).</li> <li>○ The overall quality of the shopping environment is good – comprising attractive buildings and “clean and tidy” streets.</li> <li>○ Benefited from new investment at the time of the 2018 healthcheck – including Little Waitrose and Travelodge.</li> <li>○ Vacancy levels (for outlets and floorspace) are slightly above the national averages</li> <li>○ The “creative heart” of the Borough, home to 2 international performing arts colleges - Rose Bruford and Bird College.</li> <li>○ Good provision of heritage buildings and landscapes and parks (e.g. Sidcup Manor House, Sidcup Green)</li> <li>○ Good community infrastructure – library, churches, clubs and community venues</li> <li>○ Although not part of the main High Street, Sidcup Station parade is considered functionally as part of Sidcup and is included within the boundary of the Sidcup Partners BID zone. This area is characterised by a good mix of shops, cafés, coffee shops, bars and restaurants serving commuters and students from the nearby colleges.</li> <li>○ The railway station provides train services to Charing Cross and London Bridge. The town is also served a good bus network.</li> <li>○ Well connected by road - with the nearby A20 providing links to Greater London and the M25</li> </ul>	<ul style="list-style-type: none"> <li>○ Improve accessibility and signage from the train station to the High Street</li> <li>○ Redevelopment of former Blockbuster unit to provide a new 3-screen cinema to be operated by the Really Local Group and a new library complex.</li> <li>○ Potential for increased marketing and promotional events to attract more people and visitors to centre – need to provide event space.</li> <li>○ Introduce more residential and flexible uses in the town centre.</li> <li>○ Promote alternative modes of travel to car – improve cycle network and pedestrian routes.</li> </ul>

WEAKNESSES	THREATS
<ul style="list-style-type: none"> <li>○ Fragmented town centre – split between High Street and Station Parade</li> <li>○ The main high street and uses (including Morrisons) are a 15 minute walk from Sidcup Station.</li> <li>○ The number of vacant units had increased from 17 in 2012 to 28 in 2018.</li> <li>○ Limited comparison goods offer.</li> <li>○ Heavy traffic along the High Street and Station Road, generating congestion, noise and emissions.</li> <li>○ No street or covered markets.</li> </ul>	<ul style="list-style-type: none"> <li>○ Competition from towns, shopping and leisure locations both within and outside the Borough.</li> <li>○ The growth of online shopping and leisure activities.</li> <li>○ The long term impacts of the pandemic on the viability of retail, leisure and other town centre business leading to closures – specifically the potential loss of major multiples on High Street</li> <li>○ A rise in vacancy levels and fall in trips and footfall.</li> <li>○ The potential impact of new PDR allowing changes from Class E (including shops) to residential (Class C3) outside of planning controls.</li> </ul>

4.24 In summary, Sidcup is a relatively attractive and healthy centre. It is meeting the shopping, leisure and service needs of its local resident catchment to the south of the Borough.

4.25 It has benefitted from new investment and development over recent years – including Little Waitrose and Travelodge on the corner of the High Street and St John’s Road. Other committed investment includes the new 3-screen cinema to be operated by the Really Local Group and a new library complex, scheduled to open in 2022.

4.26 Other opportunities to help maintain and enhance the overall vitality and viability of the town centre include improvements to the environment, the diversification of uses to respond to the changes in the retail sector, and the potential for new residential mixed-use development. Improvements to the linkages, signage and wayfinding between the main High Street and Sidcup Station were also highlighted.

## Welling

4.27 The table below summarises Welling’s key SWOTs:

STRENGTHS	OPPORTUNITIES
<ul style="list-style-type: none"> <li>○ Classified as a Major District Centre in the adopted development plan, and a District Centre in the London Plan.</li> <li>○ Located in the west of the Borough; with access to a well-connected railway station near the western end of the town and served by numerous bus routes.</li> <li>○ An improvement in its national rank from 586<sup>th</sup> in 2014, to 558<sup>th</sup>.</li> <li>○ A strong food and convenience offer – anchored by new Tesco, and Morrisons to the east of the town on the High Street. Lidl store also located off the High Street on upper Wickham Lane. These stores meet the main ‘bulk’ food shopping needs of its local catchment population.</li> <li>○ The centre had a good number and mix of smaller, independent shops and businesses.</li> <li>○ Good provision of retail, financial and leisure services in 2018 – including choices of places to eat and drink.</li> <li>○ Retail services (including hairdressers, beauty salons, etc.) experienced the most growth in the last 5 years.</li> <li>○ 16 vacant outlets in 2018 - vacancy level of 5.8% was significantly below the national average (11.2%). There had also been a fall in vacant units since 2013.</li> </ul>	<ul style="list-style-type: none"> <li>○ Potential for greater flexibility and diversity in centre offer.</li> <li>○ Potential for a street market to help diversify the offer and attractions.</li> <li>○ Consolidate the town centre to allow greater focus on key shopping areas.</li> <li>○ Potential for revitalisation of some frontages / facades, and run-down buildings, to improve overall environment.</li> <li>○ Introduce more residential and flexible uses in the town centre, either through the occupation/repurposing of vacant space, or through mixed-use redevelopment.</li> <li>○ Make more of green spaces nearby - Danson Park, East Wickham Open Space and Oxleas Woods</li> </ul>

<ul style="list-style-type: none"> <li>○ Core shopping area is well used and experiences high volumes of pedestrian footfall which contributes to the centre's vitality and viability.</li> <li>○ Library (including workspace) is popular and generates footfall across the centre.</li> <li>○ Good connectivity with residential areas – resulting in higher proportion of visitor to centre travelling by foot and bike.</li> </ul>	
<b>WEAKNESSES</b>	<b>THREATS</b>
<ul style="list-style-type: none"> <li>○ Heavy traffic along the main street in the centre, resulting in congestion, noise and emissions, with impacts on pedestrian movement, safety and perception.</li> <li>○ Long linear centre – too many shops?</li> <li>○ No permanent street or covered markets</li> <li>○ Some poor, run-down buildings that lend themselves to redevelopment.</li> <li>○ A lack of planting and green spaces to break up the environment.</li> <li>○ No central public space – to accommodate events and act as a gathering/meeting point.</li> <li>○ Lack of leisure facilities and cultural offer.</li> </ul>	<ul style="list-style-type: none"> <li>○ Competition from towns, shopping and leisure locations both within and outside the Borough (including Plumstead).</li> <li>○ The growth of online shopping and leisure activities.</li> <li>○ The long term impacts of the pandemic on the viability of retail, leisure and other town centre business leading to closures.</li> <li>○ A rise in vacancy levels and fall in trips and footfall.</li> <li>○ The potential impact of new PDR allowing changes from Class E (including shops) to residential (Class C3) outside of planning controls.</li> </ul>

4.28 In summary, the key performance indicators show that Welling was a vital and viable centre in 2018. It was fulfilling its role and function in the Borough's network and hierarchy of centres, meeting the retail, service and leisure needs of its local resident catchment population.

4.29 Potential improvements have been identified, including the need for investment in the quality of the environment, strengthening its evening economy and diversifying its overall offer. Opportunities to introduce green spaces, tree planting and improvements to the public realm should be explored to help improve the overall attraction of the centre, tackle carbon emissions and improve general health and well-being. Together these improvements, and others, will help to improve the attraction of the town and build greater resilience in response to the downturn in the retail sector and falling market demand.

## COMPETITION PROFILE

4.30 A number of towns and shopping centres in neighbouring authorities benefited from new investment before the impact of the pandemic, and there are other planned and proposed investments that, if delivered, could potentially draw shoppers, visitors and expenditure from Bexley Borough and its main centres. The following provides a brief overview of some of the main investment and developments in competing locations in the neighbouring Boroughs of Dartford, Greenwich and Bromley:

- **Dartford Town Centre** - is benefitting from a number of investment, development and regeneration initiatives. These include: (i) public realm and highway improvements to Market Street (Brewery Square) and the High Street; (ii) the phased development of Lowfield Street for 566 new homes in the town centre on a site previously earmarked for a new Tesco store; (iii) the regeneration of Hythe Street (Westgate) to create a cultural and leisure quarter linked with The Orchard Theatre, with plans for a new cinema, hotel and homes; and (iv) the provision of over 2,000 new homes and other uses in the Northern Gateway Regeneration Area to the north of the railway station.
- **Bluewater Shopping Centre** - One of the UK's largest shopping and leisure destinations, with over 320 shops, cafés and restaurants arranged over two levels in a triangular circuit, with a department store



anchoring each corner of the 'triangle', and served by approximately 13,000 parking spaces. In addition to the retail facilities, Bluewater has three 'leisure villages' - East Village, West Village and South Village - that together provide alternative complementary attractions to the shops, including the 17-screen Showcase cinema. It has extant permission for up to 28,500 sqm of new (Class A1) retail and 2,500 sqm of food and beverage uses. Conditions restrict the scale of food and convenience goods floorspace that can be provided in the centre. Some 4,267 sqm gross of Class A1 retail floorspace has been built out to date (ref. 17/01202/REM) to accommodate a new Primark store. A new outdoor adventure centre was permitted in August 2019 on a site covering the lakes and cliffs (reference: DA/18/01377/FUL) – known as Bluewater Hangloose – to provide a range of outdoor adrenalin activities<sup>50</sup>.

- **The London Resort (Swanscombe Peninsula)** – masterplan application submitted in 2020 for an international scale Theme Park on the peninsula to the north of Swanscombe town on the River Thames. The application site covers approximately 504 hectares and the “principal development” includes proposals for a series of themed zones, incorporating events spaces, rides and attractions, entertainment venues, cinema and theatres. There are also proposals for “associated development” on a (8ha) site outside the Theme Park for a range of different uses including: 4 hotels; a “*Conferention Centre*” (i.e. combined conference and convention) with a floor area of up to 11,000 sqm and 3,000 seats; and a 10,750 space car park. The London Resort is designed to cater for between 6.5 to 12.5 million visitors per year, and will be a destination with a global profile, with up to 12% of visitors projected to come from overseas.
- **Woolwich Town Centre** – is one of the three major towns in the Royal Borough of Greenwich, along with Greenwich and Woolwich. It is classified as a Major Centre in the London Plan, and identified for promotion to a Metropolitan Centre. This reclassification follows from the significant new investment and development in the centre, fuelled by the existing Docklands Light Railway (DLR) connections and the opening of the new Elizabeth Line (Crossrail). Woolwich is one of only two stations south of the Thames on the Elizabeth Line, the other being Abbey Wood. Key transformational projects include the regeneration of the Royal Arsenal site to provide over 5,000 new homes, alongside new parks, squares, leisure and retail facilities. Construction commenced in 2001 and will continue until 2030. The Council in partnership with St Modwen is seeking to deliver the circa £400m mixed use redevelopment of Spray Street, on land around the former covered market (known as Woolwich Exchange). The planning application submitted in 2020 is seeking permission for some 800 new homes, offices, shops, cafés and restaurants, a Picturehouse cinema, and new and improved public spaces. The Council also has plans to develop a new leisure centre next to General Gordon Square, which will replace the existing Waterfront Leisure Centre.
- **Eltham Town Centre** – is classified as a Major Centre in the New London Plan and has benefited from major investment in the centre over the last 5 years. This has included the £6.6m improvement to the public realm on the High Street, primarily funded by Transport for London, which comprises new tree plantings and landscaping, more priority and crossing points for pedestrians and a 20mph speed limit. Aligned with this, the circa £12 million 6-screen cinema (Vue) opened in April 2019 on the High Street, along with ground floor restaurant units, a first floor 'sky bar' and associated public realm works.
- **Greenwich Peninsula and O2 Designer Outlet Village** – Significant new homes (circa 13,000), commercial space (to sustain circa 13,000 new jobs) and other uses are being delivered on Greenwich Peninsula, including film and media studios (up to 38,693 sqm). The Designer Outlet provides some 20,000 sqm of retail (approximately 80 units) and 30,000 sqm of restaurants.

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<sup>50</sup> The activities include: 'Skywire' (a 680m zip line traversing most of the site, starting from a tower located in the north to the cliff face in the south); 'Gravity' (a giant swing capable of reaching a height of approximately 53 metres); a climbing wall constructed into the cliff-face; Skytrek' (an aerial trekking course); 'Skydiver' (a skydiving machine); and 'VR Extreme' (an indoor virtual reality experience).

- **Bromley Town Centre** – the Metropolitan Centre has a strong retail and leisure offer, anchored by The Glades Shopping Centre. St Mark's Square is a recent high profile transformational project at the south end of the High Street, on the site of the former Westmoreland Car Park. A joint development between the Council and U+I, it comprises a 9-screen Vue multiplex, a mix of cafés and restaurants, a Premier Inn hotel focussed, and approximately 200 new homes focussed on a new public square. The town also benefitted, pre-pandemic, from pedestrianisation of the high street, the relocation of the street market and a new multi-purpose public space.

## SUMMARY

- 4.31 The health check and competition profile shows that Bexley's centres were performing relatively well before the pandemic. Notwithstanding this, they were already facing increasing challenges from the dynamic changes in the retail and leisure sectors (principally due to the impact of online shopping), and increasing competition from higher order centres and shopping centres in neighbouring authorities. Looking ahead over the next 5-10 years, continued new investment in these competing centres, as well as in new shopping and leisure destinations (including the London Resort and Ebbsfleet), will place increasing pressures on the vitality and viability of Bexley Borough's main town centres.
- 4.32 It is therefore important that the local planning authority maintains and strengthens the competitive position of Bexleyheath, Crayford, Erith, Sidcup and Welling through new investment and development. The fall in demand for new retail space from operators, and the likely increase in vacancies over time, will mean that alternative, more flexible and diverse uses will need to be directed to the Borough's towns. The scale and mix of uses needed will vary from centre to centre, but will include new (and affordable) homes, new flexible workspace, healthcare, education and community facilities. Locating these different uses in the Borough's town centres will help to strengthen their attraction, health and performance by generating increased trips, footfall and expenditure to the benefit of shops, businesses and other facilities.
- 4.33 The health checks have also highlighted the importance of place-making and, to varying degrees, the need to improve the quality of the environment in the main centres. Aligned with this is the potential to market and promote the unique attractions and assets in the Borough and its main centres to a wider audience. This will help to draw more diverse visitors to Bexley, and build greater resilience into the vitality and viability of its centres.
- 4.34 Finally, given the impacts of the pandemic on the retail and leisure sectors, and the likely implications for the Borough's main centres, we advise that the local planning authority should carry out regular health checks to monitor changes in occupancy and vacancy levels, footfall and market demand. These regular health checks will also help to monitor the impact of policy changes at the national, regional and local level (including the impact of the UCO reforms and changes to PDR).

## 5 CATCHMENT & MARKET SHARE ANALYSIS

- 5.1 To help inform the qualitative and quantitative assessment of the need for new retail and leisure uses in the Borough and its main centres, this section sets out the headline results of the household telephone interview survey which helps to identify shopping patterns and market shares for different types of convenience ('food') and comparison ('non-food') good purchases. .

### CATCHMENT (STUDY) AREA DEFINITION

- 5.2 The definition of an appropriate Catchment ('Study') Area is an important starting point for retail and town centre assessments. In this case, the Catchment Area is based on "*Ward Geography*", as this accurately reflects the local authority boundary. It also allows for comparison with the Council's other evidence base documents, and population projections.
- 5.3 For the purpose of this household survey and capacity analysis the Catchment Area has been sub-divided into eight zones (see plan in Appendix A1; Volume 5). Zones 1-6 cover the London Borough of Bexley in full and its main centres. The wider Catchment Area also includes areas within neighbouring local authorities; namely London Borough of Bromley (Zone 7) and Dartford Borough (Zone 8).

Zone	Centres
1	Belvedere (Nuxley Road), Wilton Street/ Abbey Wood Neighbourhood Centre & Lower Belvedere (Belvedere Station)
2	Erith Major District Centre
3	Welling Major District Centre
4	Bexleyheath Major Centre
5	Crayford Major District Centre & Bexley Village
6	Sidcup Major District Centre
7	Chislehurst and St Paul's Cray
8	Dartford East

- 5.4 The zones provide the sampling framework for the household telephone interview survey (HTIS), and enables finer analysis of shopping patterns for convenience and comparison goods purchases, market shares and expenditure flows, and leisure preference both within and outside the defined catchment.
- 5.5 NEMS Market Research (NEMS) was commissioned to carry out some 1,000 household telephone interviews between 26<sup>th</sup> April and 23<sup>rd</sup> May 2018<sup>51</sup>. The methodology and full 'weighted' survey results are set out in Volume 3<sup>52</sup>.

<sup>51</sup> The questionnaire was designed by Carter Jonas (CJ) in collaboration with the Council.

<sup>52</sup> Responses were weighted by the population in each zone to ensure that the results in more sparsely or heavily populated zones were not under or over represented in terms of the market share assessment. The results were also filtered by NEMS to remove 'null' responses (including "don't know" responses). This is a standard approach.

## MARKET SHARE ANALYSIS

5.6 The survey-derived market share analysis is detailed in Volume 5 (see Appendix A2 for convenience goods and Appendix A3 for comparison goods). As described above, the market share analysis at this stage of the assessment includes expenditure on ‘*Special Forms of Trading*’ (SFT), including online shopping<sup>53</sup>.

### Convenience Goods – Market Share Analysis

5.7 The survey-derived market shares (%) for all convenience goods<sup>54</sup> shopping and purchases have been derived from the assessment of the (‘primary’) responses as to where people normally shop for their main (‘bulk’) and ‘top up’ grocery purchases. Furthermore, to prevent food shopping patterns being ‘skewed’ by larger superstores and food stores in the Catchment Area, the survey also asked respondents where else they normally shop (if anywhere) in addition to the first store identified (i.e. the ‘secondary’ responses).

5.8 The responses for ‘primary’ and ‘secondary’ food shopping purchase have then been merged through the application of a weighting based on judgements as to the proportion of household expenditure normally accounted for by each type of convenience goods shopping<sup>55</sup>. In this case we have applied a reasonable and robust weighting of 60% for main ‘bulk’ shopping; 15% for secondary main ‘bulk’ shopping; 15% for primary ‘top-up’ shopping; and 10% for secondary ‘top-up’ shopping. The table shows the total convenience market shares levels achieved by centres and stores in the Catchment and Borough areas, and the main headlines are summarised below.

**Table 5.1: Convenience goods markets shares for key centres in the London Borough of Bexley**

Location	BEXLEY BOROUGH AREA (1-6)	CATCHMENT AREA (1-8)
Bexleyheath Strategic Centre	17.1%	13.3%
Crayford Major District Centre	12.2%	10.9%
Erith Major District Centre	8.9%	6.9%
Sidcup Major District Centre	7.6%	6.3%
Welling Major District Centre	9.0%	7.0%
Belvedere (Nuxley Road) District Centre	2.1%	1.6%
Bexley Village District Centre	0.4%	0.4%
Blackfen District Centre	1.7%	1.3%
Neighbourhood Centres	12.0%	10.4%
Out of Centre	7.3%	5.7%
<b>Total Borough - Retention Level:</b>	<b>78.5%</b>	<b>63.8%</b>
<b>All Centres/Stores Outside Borough:</b>	<b>16.7%</b>	<b>31.2%</b>
<b>Internet / Special Forms of Trading:</b>	<b>4.8%</b>	<b>4.9%</b>
<b>TOTAL MARKET SHARE:</b>	<b>100.0%</b>	<b>100.0%</b>

Source: Household Survey (June 2018). See Volume 4 and Volume 5 (Appendix A2).

Note: Figures may not add up to 100% due to rounding – and exclude limited market shares for Northumberland Heath.

<sup>53</sup> Special Forms of Trading comprises “non-store” retail sales (e.g. internet, mail order, market stalls, telephone sales, etc.).

<sup>54</sup> Convenience goods retailing is generally defined as comprising everyday essential items (including food, drinks, newspapers/magazines and confectionery), as well as an element of non-durable housing goods (such as washing up liquid, kitchen roll, bin bags, etc.).

<sup>55</sup> These judgements have been informed by Question 7 of the household survey, which identified the proportion of average household expenditure spent on main food shopping.

- **Special Forms of Trading (SFT)** - accounted for a market share of 4.9% in the wider Catchment Area and 4.8% in the Borough. These shares were significantly below the national average of 12.8% in 2018<sup>56</sup>.
- **Bexleyheath** – has the highest market share within the Borough and Catchment, which reflects its good provision of town centre stores (including Asda, Sainsbury’s, and Lidl).
- **Crayford, Erith, Sidcup and Welling** – are all achieving relatively strong market shares due to the presence of one or more anchor foodstores in the towns..
- **District and Neighbourhood Centres** – are achieving more limited market shares. This reflects the absence of a larger anchor foodstore and the fact that they principally serve the more day-to-day essential “top-up” shopping needs of their local (walkable) catchment populations.
- **Out-of-centre foodstores** – are achieving a 5.8% market share in the wider Catchment Area, increasing to 7.4% in the Borough. The Asda store in Lower Belvedere is achieving a relatively strong market share in Zone 1 (15.3%) and Zone 2 (9.8%).

5.9 The market shares indicate that the Borough’s foodstores are achieving a 78.5% “**retention level**” of all convenience goods expenditure in the Borough, and 63.8% in the wider Catchment Area. These retention levels are strong, and reflect the good foodstore provision in the Borough. Where there is “*leakage*” of spend outside the Borough area, this is mainly to stores located in neighbouring authorities that are convenient and easily accessible to Bexley’s residents.

### Comparison Goods – Market Share Analysis

5.10 The household survey identified where households normally shop for different types of comparison goods purchases are set out in Appendix A3 of Volume 5 (Tables 2-12)<sup>57</sup>. Table 1 (Appendix A3) sets out the total combined market shares for **all** comparison goods expenditure allocated to the main centres and stores, weighted by the different expenditure categories.

5.11 The market shares are set out in the table below and the main headlines are:

- **Special Forms of Trading (SFT)** - accounted for a 19.5% market share of all comparison goods expenditure in the wider Catchment Area (Zones 1-8) and 18.7% in the Bexley Borough Area (Zones 1-6) in 2018. These market shares were below the national average of 22.4% in 2018<sup>58</sup>.
- **Bexleyheath** - is the most popular destination in the Borough for comparison goods shopping, with a 19.6% market share in the wider Catchment Area, and over one-quarter (25.5%) in the Borough area. The town’s market share is highest in Zone 4 (36.8%) and Zones 1-3 (28%-32%). It market share falls away outside of the Borough area; for example in Zone 8 (Dartford East) its market share is 4%.
- **Crayford** – is achieving a total market share of 3.9% in the Catchment and 4.5% in the Borough. Its market share is highest in the “home” zone (i.e. Zone 5) where it is located (14.5%). Crayford’s overall market share is higher than for the Borough’s other main District Centres and reflects the relative attraction of the Tower Retail Park<sup>59</sup>.

<sup>56</sup> Experian Retail *Planner Briefing Note 18* (February 2020). Figure 5: page 19. See Section 3 for a more detailed commentary.

<sup>57</sup> The expenditure categories have been classified and sourced from Experian Business Strategies. Comparison goods are generally defined as items purchased less frequently and include clothing, footwear, household and recreational goods

<sup>58</sup> Experian Retail *Planner Briefing Note 18* (February 2020). Figure 5: page 19. See Section 3 for a more detailed commentary.

<sup>59</sup> The Tower Retail Park is included in Crayford Town Centre for the purpose of the market share analysis and the capacity assessment.

- **Sidcup** - is achieving a total market share of 2.9% in the Borough and the highest penetration in its “home” zone (i.e. Zone 6 – 11%).
- **Welling** – is achieving a market share is 2% in the Borough and highest in Zone 3 (8.6%).
- **Erith** - has a market share of 1.6% in the Borough and 6.4% in its “home” zone (Zone 2).
- **Belvedere, Bexley Village, Blackfen and Northumberland Heath** – all have a limited comparison goods offer and this is reflected by their lower market shares of between 0.2% (Bexley Village) and 0.8% (Belvedere – Nuxley Road) across the wider Catchment Area.
- **Neighbourhood Centres** – all these smaller centres combined have a market share of 0.3% in the Borough area. This also reflects their limited comparison goods offer.
- **Out-of-centre retail** – Crittals Corner Retail Park, Tower Retail Park and other retail warehousing in Bexley are achieving a total market share of 7.8% in the Catchment Area, and 9.1% in the Borough. Tower Retail Park is the most popular, with a total market share of 4.9% in the Borough.

**Table 5.2: Comparison goods markets shares for key centres in the London Borough of Bexley**

	<b>BEXLEY BOROUGH AREA (Zones 1-6)</b>	<b>CATCHMENT AREA (Zones 1-8)</b>
Bexleyheath Strategic Centre	25.5%	19.6%
Crayford Major District Centre	4.5%	3.9%
Erith Major District Centre	1.6%	1.2%
Sidcup Major District Centre	2.9%	2.4%
Welling Major District Centre	2.0%	1.6%
Belvedere (Nuxley Road) District Centre	1.1%	0.8%
Bexley Village District Centre	0.2%	0.2%
Blackfen District Centre	0.4%	0.3%
Northumberland Heath	0.5%	0.4%
Neighbourhood Centres	0.3%	0.2%
Out of Centre	9.1%	7.8%
<b>Total Borough - Retention Level:</b>	<b>48.1%</b>	<b>38.3%</b>
<b>All Centres/Stores Outside Borough:</b>	<b>33.2%</b>	<b>42.1%</b>
<b>Internet / Special Forms of Trading:</b>	<b>18.7%</b>	<b>19.5%</b>
<b>TOTAL MARKET SHARE:</b>	<b>100.0%</b>	<b>100.0%</b>

Source: Household Survey (June 2018). See Volume 4 and Volume 5 (Appendix A3).

- 5.12 The survey-derived market shares indicate that the Borough’s centres and stores are achieving a 38.3% “**retention level**” of all comparison goods expenditure in the wider Catchment Area, increasing to 48.1% in the Borough. Retention levels in the Borough are higher for items that are typically purchased locally, such as medical goods (87%) and personal care products (73%). The market shares are lower for other goods categories, which is related to competition from centres outside of the Borough and online sales.
- 5.13 **Bluewater Shopping Centre** is the main competitor, with a market share of 17.9% across the wider Catchment Area and 19.2% in the Borough. The other main centres competing for non-food purchases are Dartford, Bromley and Orpington, although their Borough-wide market shares are significantly lower at between 1% and 3.1%. Bluewater’s market shares are considerably higher for clothing and footwear

purchases in both the Catchment (32.9%) and Borough (34.9%). This compares with Bexleyheath's market share for fashion purchase of 29.4% and 38.1% respectively.

## 6 RETAIL CAPACITY ASSESSMENT

- 6.1 This section sets out the results of the economic retail capacity ('need') assessment for new retail (comparison and convenience goods) floorspace in the Borough of Bexley and its main centres. The capacity forecasts cover a ten-year period, from 2021 (the "base year") to 2031 (the "design year"). Aligned with the NPPF and PPG the forecasts also take account of the lifetime of the plan (i.e. the forecast years from 2031 to 2038). The detailed economic capacity tabulations are set out in Volume 5 (Appendix A8). These forecasts update and supersede the findings of the Council's previous evidence-based study.

### THE CREAT<sup>e</sup> MODEL

- 6.2 The **CREAT<sup>e</sup>** economic model has been specifically designed, developed and tested by the LSH team over more than 25 years to assess the capacity for and impact of new retail (convenience and comparison goods) floorspace development. The evidence-based model has helped to inform and guide plan-making and decision-taking at the local, sub-regional and regional level. In brief, the **CREAT<sup>e</sup>** (Excel-based) model adopts a transparent '*step-by-step*' approach in which all the key assumptions and forecasts can be easily tested. The model is underpinned by the findings of the household survey, which provides a robust understanding of shopping patterns, market shares and the trading/turnover performance of existing centres, shops and stores.
- 6.3 At the outset it has necessarily been assumed for the purpose of the capacity assessment that the local retail market in Bexley Borough is in '*equilibrium*' at the base year<sup>60</sup>. In other words all existing centres/stores are broadly assumed to be trading in line with expected average ('benchmark') turnover levels. This is a reasonable approach in this case as it reflects the impact of the economic downturn and the significant growth in online sales on the trading levels and performance of retailers and stores across the UK. It also reflects the outputs of the health checks and surveys covering the Borough's other main centres and shopping locations. In this case there is no evidence to suggest a strong latent demand or capacity for new retail floorspace across the Borough as a whole. In fact, the main challenge and focus for the Borough's centres over the short/medium term in response to market trends and the impact of the COVID-19 pandemic will be to retain existing occupiers and to redevelop/repurpose vacant retail floorspace to attract new businesses and uses.
- 6.4 In simple terms, any residual expenditure available to support new retail floorspace over the forecast period will be generated by the difference between the forecast growth in '**current**' (survey-derived) turnover levels and the growth in '**benchmark**' turnovers based on applying robust year-on-year '**productivity**' ('turnover efficiency') growth rates to all existing and new retail floorspace<sup>61</sup>.
- 6.5 It is important to restate that medium to long term forecasts should be treated with caution, as they will be influenced by the dynamic changes in economic, demographic and market trends. As described previously (see Section 2), the NPPF (paragraph 85d) states that local planning authorities should meet the need for retail and town centre uses "*looking at least ten years ahead*". The *Planning Practice Guidance* also states that given the uncertainty in forecasting long-term retail trends and consumer behaviour, assessments "*may need to focus on a limited period (such as the next five years) but will also need to take the lifetime of the*

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<sup>60</sup> 2018 is the assumed base year for this assessment as it corresponds with the year when the household survey was conducted.

<sup>61</sup> Section 3 sets out the forecast growth in annual 'productivity' levels based on the latest Experian Retail Planner Briefing Note.



plan into account and be regularly reviewed”<sup>62</sup>. Therefore, whilst this study assesses retail capacity up to 2038, greater weight should be placed by the local planning authority on forecasts over the next five (to 2026) to ten-year period (to 2031).

- 6.6 The updated capacity forecasts set out in this section provide the Council with a broad indication of the (quantitative) need for new retail (comparison and convenience goods) floorspace in the Borough and its main centres. In turn, this will inform whether there is a need to identify and allocate additional sites (over and above any already identified) to meet any forecast need, in accordance with the advice set out in the NPPF (paragraph 85).
- 6.7 The key steps in the retail capacity assessment, and the main assumptions and forecasts underpinning the **CREAT**<sup>e</sup> Model are described below.

## BASE YEAR POPULATION AND PROJECTIONS

- 6.8 The 2021 (‘base year’) population estimates and projections over the ten-year period to 2031 have been informed by reference to the ward-based projections produced by the Greater London Authority (GLA)<sup>63</sup>.
- 6.9 The GLA projections show an increase in the total Catchment Area (i.e. Zones 1-8) population of 24,605 (+7.5%) between 2021-31, from 329,362 to 353,967. For the Bexley Borough area (i.e. Zones 1-6) the total population is projected to increase by 21,300 (+8.3%), from 256,800 to 278,100. Over the lifetime of the plan, to 2038, the Borough area population is forecast to increase by 31,360 (+12.3%) to 288,430.

**Table 6.1: Population growth scenarios – GLA and Bexley Growth Strategy (BGS)**

	GROWTH 2021 - 2031:					GROWTH 2021 - 2038:	
	2021	2031	2038	%	No.	%	No.
<b>GLA POPULATION PROJECTIONS:</b>	256,800	278,100	288,430	8.3%	21,300	12.3%	31,630
<b>BGS POPULATION PROJECTIONS:</b>	247,089	278,013	318,760	12.5%	30,924	29.0%	71,671

Source: Volume 5 (Appendix A4)

- 6.10 For the purpose of this assessment we have also tested the potential impacts on the capacity forecasts of applying the population growth projections prepared by the Council for the “*Bexley Growth Strategy*” (BGS). As the table shows, the BGS projections show significantly higher population growth over the period 2031-38 than the GLA figures. This is because the BGS projections take account of housing-led growth aspirations that are highly dependent on future infrastructure improvements; including, for example, the potential extension of Crossrail (currently terminating at the Borough boundary at Abbey Wood) to Ebbsfleet, and the extension of Docklands Light Rail (DLR) through Thamesmead to Belvedere Station. At this stage there is no certainty that this new infrastructure will be delivered and the BGS-based population projections will be achieved over the lifetime of the plan.

<sup>62</sup> PPG. Paragraph 004. Reference ID: 2b-004020190722

<sup>63</sup> GLA’s population projections were published in November 2016 and cover Zones 1-7 Please note that Zone 8 (in Dartford Borough) is located outside Bexley Borough and the GLA areas. We have therefore necessarily applied the population projections derived from our in-house Experian MMG3 Geographic Information System (MMG3 GIS), which are based on the latest ONS Sub-National Population Projections

## EXPENDITURE PER CAPITA LEVELS AND FORECASTS

- 6.11 The baseline expenditure per capita figures and forecasts are set out in Table 2 (Appendix A4) for convenience goods and Table 4 (Appendix A4) for comparison goods<sup>64</sup>. The growth in the expenditure per capita figures by zone are informed by the annual forecasts published in the latest *Experian Retail Planner Briefing Note 18* (RPBN)<sup>65</sup>. As described in Section 3, Experian forecast more limited year-on-year growth in retail expenditure than previous forecasts due to the impact of long-term economic and market trends, which have been further accelerated by the impact of the pandemic.

## SPECIAL FORMS OF TRADING

- 6.12 Special Forms of Trading (SFT) is deducted from the forecast retail (convenience and comparison) expenditure levels over the forecast period. For the purpose of this assessment we have assumed a mid-point between the 2018 survey-derived market shares and Experian's latest SFT market shares (as set out in RPBN18). Experian's forecasts take account of the impact of COVID-19 on online shopping purchases and are therefore more likely to reflect the current and future position of SFT market shares in the Borough.
- 6.13 As described in Section 3, the SFT market shares have been adjusted to reflect the fact that a proportion of online convenience and comparison retail sales are sourced from traditional ('physical') stores rather than from dedicated ('dot com') warehouses<sup>66</sup>. The adjusted baseline SFT market shares are 15.7% for comparison goods and 2.6% for convenience goods, and are forecast to increase to 26.7% and 5.1% respectively by 2038<sup>67</sup>.

## TOTAL AVAILABLE EXPENDITURE

- 6.14 Tables 3 and 4 (Appendix A4) forecast the growth in total available convenience goods and comparison goods retail expenditure across the study area and zones up to 2038 (excluding SFT) based on the GLA population projections. The tables show for the ten-year period from 2021-31 total **convenience goods expenditure** is forecast to increase by +6.9% (+£49.2m) in the wider Catchment Area, and by +7.8% (+£42.4m) in the Borough area. For **comparison goods**, total expenditure is forecast to increase by +36.9% (+£271.4m) in Bexley Borough, and by +35.7% (+£348.9m) in the Catchment Area.

## MARKET SHARE ANALYSIS

- 6.15 The next key stage in the capacity assessment involves allocating the baseline convenience and comparison expenditure (£ million) within the study area and zones to the identified centres, stores and floorspace based on the survey-derived market shares. This helps to establish the current trading performance of the main centres and stores within the Borough based on expenditure allocated from the study area only. It should be

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<sup>64</sup> The baseline (2018) average expenditure per capita figures have been derived from our in-house Experian MMG3 GIS (please note all expenditure and turnover figures are expressed in 2019 prices).

<sup>65</sup> Published in October 2020

<sup>66</sup> Experian assume 25% of SFT's market share for comparison goods and 70% for convenience goods are sales sourced from "physical" stores. See Appendix 3 for a more detailed commentary.

<sup>67</sup> It should be noted that if the growth in SFT (online shopping) is higher in the Borough area than the national projections, then this would effectively reduce the total available expenditure to support existing and new floorspace over the forecast period.

noted that no allowance is made at this stage for any potential 'inflow' (trade draw) of expenditure to centres and stores from outside the defined study area.

- 6.16 For the purpose of the retail capacity assessment, and in line with accepted approaches, the market share analysis has been adjusted for both convenience goods (Table 1, Appendix A5) and comparison goods (Table 1, Appendix A6) to exclude SFT. The 'baseline' (2018) turnovers are projected forward to 2021 (Table 3), 2026 (Table 4), 2031 (Table 5) and 2038 (Table 6) assuming no changes in market shares<sup>68</sup>.

### **'INFLOW' FROM OUTSIDE CATCHMENT AREA**

- 6.17 In order to provide a complete picture of the current and likely future trading (turnover) performance of the main centres and stores in the Borough we have necessarily made informed judgements with regard to the likely 'inflow' (trade draw) from outside the widely defined Catchment Area. In this case our assumptions take account of:

- the scale, quality and mix of each centre's retail (convenience and comparison) offer based on the results of the healthchecks;
- the scale, offer and location of all other centres and stores in the Borough, including out-of-centre shopping locations;
- the likely competition from centres, stores and shopping facilities outside the study area, informed by the results of the survey-derived market share analysis;
- the likely retail expenditure derived from people visiting the Borough's shops and stores, but who live outside the study area (including tourists, visitors and those on business);
- the likely extent of each centre's catchment. This is informed, in part, by the results of the in-centre surveys; and
- the assumptions set out in previous studies and retail assessments.

- 6.18 Although the assessment of inflow is not an "*exact science*" due to the complex nature of overlapping catchments and shopping patterns, it is reasonable to assume that for comparison goods retailing the Borough's larger centres, particularly those served by tubes and rail, will draw a proportion of their shoppers and trade from outside the defined study area. On the other hand, the local centres and smaller parades will generally draw the majority of their shoppers and trade from within their more localised catchments, with a more limited 'inflow' from outside the study area compared to more accessible centres in the Borough.

- 6.19 Typically, the 'inflow' of convenience goods expenditure to the main centres and stores from outside the wider study area is more limited than for comparison goods, as households generally carry out their main food shop at their more local and convenient stores, and do not normally travel longer distances for food purchases. However, when considering locations within London, a reasonable allowance should be made for inflow associated for commuters and visitors/tourists, particularly for those centres close to employment hubs and major transport nodes.

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<sup>68</sup> The '*constant market share approach*' is standard practice for strategic retail capacity assessments. This approach does not take account of the potential impact that new retail investment and development (both within and outside the Borough) can have on existing shopping patterns, market shares and turnover performance over time.

6.20 In this case Bexley, Welling, Sidcup and Crayford are all located close to the local authority boundary and, as a result, are more likely to draw a higher proportion of their expenditure from residents living outside the Borough area. Similarly, inflow estimates for out-of-centre retail facilities take account of locations that are easily accessible by private car; such as facilities that are positioned close to major road routes (such as, for example, Crittalls Corner Retail Park).

## TOTAL FORECAST TURNOVER OF BOROUGH'S CENTRES AND STORES

6.21 The total estimated convenience and comparison goods turnovers of the main centres and stores in Bexley Borough are out in Appendix A8. The 2021 turnover estimates are summarised in the table below.

**Table 6.2: Forecast Base Year (2021) Turnover of Centres in Bexley Borough**

	2021: TURNOVER ESTIMATES (£ million)		
	Comparison	Convenience	TOTAL
Bexleyheath - Strategic Centre	£297.4	£124.7	£422.1
Crayford - Major District Centre	£58.5	£97.5	£156.0
Erith - Major District Centre	£17.2	£58.2	£75.4
Sidcup - Major District Centre	£34.8	£55.5	£90.3
Welling - Major District Centre	£23.6	£69.6	£93.2
<b>TOWN CENTRES: TOTAL TURNOVER:</b>	<b>£431.5</b>	<b>£405.5</b>	<b>£837.0</b>
Belvedere (Nuxley Rd) District Centre	£10.7	£12.3	£23.0
Bexley Village District Centre	£2.5	£2.9	£5.5
Blackfen District Centre	£3.6	£10.4	£14.0
Northumberland Heath District Centre	£4.8	£0.1	£4.9
<b>DISTRICT CENTRES: TOTAL TURNOVER:</b>	<b>£21.6</b>	<b>£25.7</b>	<b>£47.3</b>
Neighbourhood Centres	£2.9	£82.7	£85.6
Out of Centre Retail Parks & Stores	£112.4	£51.4	£163.7
<b>TOTAL TURNOVERS OF CENTRES/STORES IN BOROUGH:</b>	<b>£568.4</b>	<b>£565.3</b>	<b>£1,133.7</b>

Notes: Turnover levels based on GLA population estimates at 2021. In 2019 prices

6.22 Bexleyheath is estimated to achieve a total turnover of £422.1m in 2021. This represents approximately 37% of the total turnover of all centres and stores in Bexley Borough (£1,133.7m). Its total comparison turnover of £297.4m accounts for a higher proportion (52%) of total comparison turnover in the Borough (£568.4m), and its convenience sales (£124.7m) represents 22% of total convenience turnover (£565.3m). Crayford is achieving the next highest turnover of £156m, which represents 14% of total available Borough spend.

## RETAIL FLOORSPACE COMMITMENTS

6.23 The next stage in the retail capacity assessment takes account of all the new committed and planned retail (convenience and comparison) developments in the Borough since 2018<sup>69</sup>. Based on information provided by the Council, Appendix A7 sets out the new floorspace and the forecast (convenience and comparison) turnovers. It is assumed that all the reported committed floorspace will be open and trading by 2026, and will achieve a total turnover of £56.8m (split £25.9m for convenience goods and £30.8m for comparison goods).

<sup>69</sup> i.e. all new floorspace that was not open and trading when the household survey was conducted.

## FLOORSPACE PRODUCTIVITY

- 6.24 A key input to the retail capacity assessment is the application of a year-on-year floorspace ‘*productivity*’ growth rate to all existing and new retail floorspace. As described in Section 3, existing retailers will need to achieve higher annual ‘*productivity*’ growth rates to cover their increasing costs (including, for example, rising rents, business rates and wages) and to remain profitable and viable over the short, medium and long term. This is particularly the case as the competition from online retailing increases; a trend that has been significantly accelerated by the impact of the pandemic. For these reasons we have tested Experian’s higher year-on-year “productivity” growth rates.

## GLA-BASED BOROUGH-WIDE RETAIL CAPACITY ASSESSMENT

- 6.25 The table below summarises the forecast capacity for new convenience and comparison floorspace in the Borough over the ten-year period, up to 2031, based on the GLA population growth projections.

**Table 6.3 Bexley Borough-wide Retail Floorspace Capacity Forecasts (sqm net) – GLA Based Projections**

	2021	2026	2031	2038
<b>CONVENIENCE GOODS CAPACITY:</b>	0	-1,296	-34	1,075
<b>COMPARISON GOODS CAPACITY</b>	-211	-4,373	-3,069	-1,084

Source: Appendix A8

- 6.26 For the reasons set out above, the GLA-based capacity forecasts are preferred in this case, as they represent a more realistic and deliverable development growth scenario for the Borough over the forecast period. The headline figures show **no** capacity for new **convenience or comparison** retail floorspace over the ten-year forecast period to 2031.
- 6.27 Over the lifetime of the plan, to 2038, the forecasts show **no** capacity for new **comparison** floorspace. There is some capacity for new convenience goods floorspace of 1,075 sqm net that. This level of floorspace could typically support 2 or 3 small convenience stores, or a supermarket/discount store (such as, for example, Aldi, Lidl, Co-op, etc.).
- 6.28 However, it should be noted that although the capacity forecasts take account of all known planned and committed retail (comparison and convenience) floorspace in the Borough at the time of preparing this study, they do **not** take account of **vacant retail floorspace**.
- 6.29 It is reasonable to assume for the purpose of this assessment that a proportion of the more modern vacant floorspace could potentially take up some of the residual capacity over the short to medium term, particularly in prime and sustainable shopping locations. The 2018 health check assessments, for example, identified 17,964 sqm gross of vacant floorspace across the Borough’s five main centres<sup>70</sup>, which was broadly equivalent to a net sales area of 12,575 sqm<sup>71</sup>. On this basis, even if only 25% (circa 3,145 sqm net) of this

<sup>70</sup> Note this is an indicative total as the vacancy figures are not current for the five centres as it relates to varying survey years for each centre carried out by Experian Goad.

<sup>71</sup> This is based on the application of a reasonable and standard 70% net/gross floorspace ratio.

floorspace was available and suitable to accommodate the needs of new retailers, it would easily meet all the capacity for new convenience goods floorspace up to 2038 based on the GLA forecasts.

## BGS-BASED BOROUGH-WIDE RETAIL CAPACITY ASSESSMENT

- 6.30 Although the GLA-based capacity forecast are preferred to inform the capacity for new retail over the ten-year period to 2031, we have also tested the impact on the retail capacity forecasts of the higher residential and population growth forecasts identified by the Bexley Growth Strategy (BGS). As stated previously, the BGS growth forecasts are highly dependent on future infrastructure improvements, and the capacity forecasts are therefore only intended to inform Bexley Council’s longer term thinking and planning. The headline capacity results for the Borough are summarised in the table below, and compared with the GLA-based projections.

**Table 6.4: Bexley Borough-wide Retail Floorspace Capacity Forecasts (sqm net) – BGS Based Projections**

	2021	2026	2031	2038
<b>CONVENIENCE GOODS:</b>				
GLA CAPACITY FORECASTS:	0	-1,296	-34	1,075
BGS CAPACITY FORECASTS:	0	-1,250	1,347	7,587
<b>COMPARISON GOODS:</b>				
GLA CAPACITY FORECASTS:	-211	-4,373	-3,069	-1,084
BGS CAPACITY FORECASTS:	-211	-4,078	-291	10,466

Source: Appendix A8 and Appendix A9

- 6.31 The BGS-based figures also show **no** capacity for new **comparison retail** over the ten-year forecast period to 2031.
- 6.32 There is limited capacity for 1,347 sqm net of new **convenience floorspace**, which could potentially support 3 or 4 smaller convenience stores.
- 6.33 However, as for the GLA-based forecasts, we consider that this capacity up to 2031 can be met by the take-up and/or repurposing of vacant units and sites in the Borough’s main centres and prime shopping locations.
- 6.34 For both the GLA and BGS capacity forecasts, any minimal residual expenditure and floorspace capacity forecast for 2031 could also be absorbed by existing food and convenience store operators. This could be achieved through extensions and/or by increases in the sales efficiency of existing space, and/or by a higher than forecast increase in the market share of SFT (online sales) on the forecast convenience spend growth to 2031 and 2038.
- 6.35 The BGS-based forecasts do, however, show higher potential capacity for new retail floorspace beyond the ten-year forecast period. The figures show forecast capacity for 7,587 sqm net of new **convenience** floorspace and 10,466 sqm net of new **comparison** floorspace by 2038.
- 6.36 This capacity is principally driven by the proposals in the Bexley Growth Strategy (BGS) for new residential development and economic growth. This growth will be focussed in and on the edge of the Borough’s main

centres, and in the Bexley Riverside and Thamesmead/Abbey Wood Opportunity Areas. Lower Belvedere, Erith, Thamesmead, Slade Green and Crayford are identified by the BGS as having significant potential for new residential and employment development (see Section 2 for a more detailed commentary).

6.37 The delivery of new housing in Lower Belvedere, Erith and Slade Green is focussed on existing and proposed transport hubs; principally the long-term proposed extension of the Elizabeth Line (Crossrail) from Abbey Wood to Ebbsfleet, along with other key infrastructure projects<sup>72</sup>. To meet the needs of future residents in these areas, new centres are proposed by the local planning authority for Wilton Road/Abbey Wood and Lower Belvedere.

6.38 The table below shows the forecast growth in the population of the main growth areas as identified by the BGS. This growth is concentrated in the period 2021-2038.

**Table 6.5: BGS-based population projections - Lower Belvedere, Slade Green and Abbey Wood Growth Areas**

	2018	2021	2026	2031	2038
LOWER BELVEDERE	497	512	2,351	6,367	15,947
SLADE GREEN	14	14	1,729	7,394	19,636
WILTON ROAD / ABBEY WOOD	395	1,417	4,534	8,294	10,486
<b>TOTAL (BGS) POPULATION GROWTH PROJECTIONS:</b>	<b>907</b>	<b>1,944</b>	<b>8,614</b>	<b>22,054</b>	<b>46,070</b>

Source: Appendix A10. Derived from population projections prepared for the Bexley Growth Strategy, as provided by the Council.

Notes: For the purpose of this assessment the population from proposed housing sites in the Thamesmead Ward have been allocated on a 50:50 basis between Lower Belvedere and Wilton Road/Abbey Wood.

6.39 Against this background, and to further help inform the Council’s retail and centre strategy beyond the ten-year period (between 2031-38), we have carried out a high-level economic capacity assessment of the potential expenditure growth available to support new retail (comparison and convenience) floorspace in the Borough’s main “*Housing Growth Areas*”.

## **HOUSING GROWTH AREAS (HGAs) – RETAIL CAPACITY (2031-2038)**

6.40 The indicative capacity forecasts for the Housing Growth Areas (HGAs) for the period 2031-2038 should be treated with caution by the Council. They are necessarily very high-level and indicative at this early stage in the planning and development process. The forecasts will need to be subject to more detailed review and testing over a period of time, and will ultimately need to be updated as part of the preparation of any Development Frameworks and/or Masterplans for the respective areas and centres.

6.41 The detailed economic tabulations are set out in Appendix A10.

6.42 The following commentary provides a summary of the key capacity assumptions underpinning the capacity forecasts, and the outputs. Please note that the indicative forecasts for each HGA **do not represent additional floorspace capacity** over and above the BGS-based Borough-wide forecasts, as they are derived from the same population projections.

<sup>72</sup> The other key infrastructure projects include: (i) a public transit corridor, in phases, from North Greenwich to Slade Green; (ii) a docklands light rail (DLR) extension from Gallions Reach through Thamesmead to Belvedere; and (iii) the road based-river crossings connecting Belvedere with Rainham and Thamesmead with Gallions Reach.

6.43 Also, we advise that any residual expenditure capacity over and above that forecast for the three HGAs will be absorbed by existing centres, shops and stores in the Borough and elsewhere, rather than representing the need for additional new retail floorspace. This residual expenditure will therefore help to support the vitality and viability of the Borough's existing network and hierarchy of centres, in accordance with the "town centre first" policy approach.

## Retail Expenditure Growth

6.44 In calculating available expenditure, we have necessarily assumed that average expenditure per head for the three HGAs will be broadly similar to average expenditure levels achieved in the zones where they are located<sup>73</sup>. The table below summarises the total retail expenditure growth available in each HGA (broken down into convenience and comparison goods), based on applying the average expenditure per capita growth forecasts to the population projections (also refer to Appendix A10).

**Table 6.6: Growth Areas – Total Forecast Available Retail Expenditure (£m)**

	2021	2026	2031	2038
<b>LOWER BELVEDERE</b>				
Comparison Goods:	£1.2	£6.3	£19.3	£58.0
Convenience Goods:	£1.0	£4.7	£12.7	£31.8
<b>TOTAL AVAILABLE EXPENDITURE (£ million):</b>	<b>£2.3</b>	<b>£11.0</b>	<b>£31.9</b>	<b>£89.9</b>
<b>WILTON ROAD / ABBEY WOOD</b>				
Comparison Goods:	£3.4	£12.2	£25.1	£38.1
Convenience Goods:	£2.8	£9.0	£16.5	£20.9
<b>TOTAL AVAILABLE EXPENDITURE (£ million):</b>	<b>£6.2</b>	<b>£21.2</b>	<b>£41.6</b>	<b>£59.1</b>
<b>SLADE GREEN</b>				
Comparison Goods:	£0.0	£5.0	£24.3	£77.5
Convenience Goods:	£0.0	£3.5	£15.1	£40.3
<b>TOTAL AVAILABLE EXPENDITURE (£ million):</b>	<b>£0.1</b>	<b>£8.6</b>	<b>£39.4</b>	<b>£117.8</b>
<b>TOTAL AVAILABLE EXPENDITURE IN GROWTH AREAS (£ million):</b>	<b>£8.5</b>	<b>£40.8</b>	<b>£113.0</b>	<b>£266.8</b>

Source: Appendix A10

6.45 The following sets out our approach and forecasts of the high-level capacity for new floorspace in the three main HGAs.

## Retail Capacity - Approach

6.46 The approaches used to assess the potential capacity for new floorspace to serve new residential settlements differ from those used to forecast Borough-wide capacity in one important respect. The latter approach is principally informed by the market shares derived from the household survey evidence. For the HGAs the capacity assessment is necessarily informed by judgements as to how much of the new expenditure growth can reasonably be retained to support and sustain new floorspace, and how much of the forecast growth will naturally flow to existing stores that are convenient and easily accessible to the new resident population (in other words, what proportion of the forecast growth is potentially available to support new retail floorspace in the most sustainable locations). It also involves judgements as to the potential "leakage" of new spend to competing stores and shopping locations as part of work (commuting), and general shopping and lifestyle

<sup>73</sup> This assumes that the average spending profile of new households in the Growth Areas will be the same as for existing residents. In reality, expenditure rates will correspond to the tenure and socio-demographic profile of each individual growth Area. Therefore, the assumption on expenditure rates should be treated as a guide only for the purpose of this assessment.



travel patterns. In simple terms, it is unreasonable to assume that 100% of the expenditure growth generated by new residential developments and population growth will be available to sustain new retail floorspace.

6.47 To help inform the assessment of a robust market share (or “*retention level*”) in each case we have necessarily referred to the available evidence, and principally the survey-derived market shares and retention levels for the relevant “*home*” zones where the new residential development is located, and the scale and quality of the existing retail provision.

## Growth Areas – Retail Capacity Forecasts

6.48 The high level retail (convenience and comparison) forecasts for the HGAs are summarised in the table below.

**Table 6.7: Housing Growth Areas – Indicative Retail Capacity at 2038 (sqm net)**

	2021	2026	2031	2038
<b>WILTON ROAD / ABBEY WOOD</b>				
Convenience Goods:	0	604	1,178	1,464
Comparison Goods:	0	443	790	983
<b>TOTAL RETAIL FLOORSPACE CAPACITY (sqm net):</b>	<b>0</b>	<b>1,046</b>	<b>1,968</b>	<b>2,447</b>
<b>LOWER BELVEDERE</b>				
Convenience Goods:	0	232	618	1,979
Comparison Goods:	0	87	345	1,416
<b>TOTAL RETAIL FLOORSPACE CAPACITY (sqm net):</b>	<b>0</b>	<b>319</b>	<b>963</b>	<b>3,395</b>
<b>SLADE GREEN</b>				
Convenience Goods:	0	0	210	731
Comparison Goods:	0	33	275	719
<b>TOTAL RETAIL FLOORSPACE CAPACITY (sqm net):</b>	<b>0</b>	<b>33</b>	<b>485</b>	<b>1,449</b>
<b>GROWTH AREAS - INDICATIVE RETAIL CAPACITY FORECASTS (sqm net):</b>	<b>0</b>	<b>1,398</b>	<b>3,416</b>	<b>7,291</b>

Sources: Appendix A10. Based on BGS population projections.

6.49 The table shows that the three HGAs could potentially support approximately 7,291sqm of total (convenience and comparison) retail floorspace. This comprises 4,174sqm of convenience retail and 3,117 sqm of comparison retail. The key assumptions underpinning the indicative capacity assessments for each HGA are briefly described below:

### (i) Wilton Road / Abbey Wood

6.50 For the Wilton Road / Abbey Wood Growth Area (in Zone 1), we have necessarily taken account of the opening of the Elizabeth Line (Crossrail) in 2022; which will reduce the estimated journey times from Abbey Wood to London’s West End to circa 25 minutes, and to Heathrow (T5) to under one hour.

6.51 The new residential development planned alongside the new infrastructure in the Abbey Wood/Thamesmead area will help to increase the attraction and draw of the Lidl and Sainsbury’s stores located to the north of the railway station (within the Royal Borough of Greenwich), as well as the shops and business focussed in and around Wilton Road Neighbourhood Centre (within the London Borough of Bexley). It is anticipated that the existing Sainsbury’s and Lidl stores, the Wilton Road shops, and other existing and planned provision in the area, will meet the essential (top-up and bulk) food shopping needs of the proposed new population

growth, and particularly residents to the north of the railway line in the most convenient and sustainable locations.

6.52 For the indicative capacity assessment, the expectation is that Wilton Road Neighbourhood centre will have an important and increasing role and function as a key centre serving the essential (day-to-day) food, convenience, service, healthcare and community needs of the local resident population, as well as any commuters and visitors leaving/entering the area via the Elizabeth Line. The centre's comparison offer will remain ancillary to its primary role and function as a convenience and service destination. On this basis it is assumed:

- For **convenience retail** a retention level of 65% can be achieved by 2038, along with a 20% inflow from outside the area. This results in a forecast capacity for **1,464 sqm net** of new convenience floorspace in 2038 (equivalent to a gross floorspace of 2,092 sqm).
- For **comparison retail**, we consider a lower retention level of 25% and an inflow of 10% is a reasonable expectation. There will, however, be potential for a mix of retail services, leisure and financial services to meet the essential needs of the growing residential population. This produces a forecast capacity for **983 sqm net** of new comparison floorspace by 2038 (equivalent to a gross floorspace of 1,404 sqm).

6.53 Notwithstanding the predicted capacity for new convenience and comparison floorspace by 2038, it is our judgement that a significant proportion of the forecast residual expenditure growth could be absorbed by the existing Sainsbury's and Lidl stores, and by other existing/planned shops and stores in the area. This additional expenditure available for existing shops and stores will help to underpin their overall long-term vitality and viability. It is also the case that if the market share of online (SFT) food and non-food purchases is higher than forecast, then a significant proportion of the forecast growth in expenditure will be absorbed online, rather than necessarily resulting in a need for new physical space.

## **(ii) Lower Belvedere**

6.54 Lower Belvedere is located in Zone 1. We have taken account of the market share and attraction of the existing Asda and other stores in the immediate catchment of the proposed new HGA. The household survey results show, for example, that Asda is achieving relatively strong market shares for convenience goods spend of in Zone 1 and Zone 2<sup>74</sup>, with a wider draw from existing residents in Zones 3-4. It is therefore reasonable to assume that a significant proportion of the expenditure growth generated by the new population could be taken up by the existing Asda and other stores in the area. On this basis it is assumed:

- For **convenience retail** a retention level of 65% is predicated by 2038, and an inflow of 10% (although the inflow could be higher if new transport infrastructure is delivered). This results in a forecast capacity for **1,979 sqm net** of new retail floorspace in 2038 (equivalent to a gross floorspace of 2,828 sqm).
- For **comparison retail**, a more limited market share of 30% is assumed by 2038, and a 5% inflow. This results in capacity for **1,416 sqm net** of new floorspace in 2038 (equivalent to a gross floorspace of 2,022 sqm).

6.55 As for Wilton Road/Abbey Wood, a significant proportion of the predicted residual expenditure capacity by 2038 could be absorbed in full, or in part, by the existing Asda store's floorspace. This could either be through extension or redevelopment of the store, where feasible, or through the increased efficiency and

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<sup>74</sup> The market shares quoted exclude expenditure on Special Forms of Trading (including online sales).

intensification of its existing sales area. This increased efficiency could also be achieved by an increase in online sales sourced direct from the store.

### (iii) Slade Green

6.56 Slade Green is located in Zone 2. We have assumed that a significant proportion of the expenditure growth generated by potential new residential development in the area will be absorbed by existing centres (principally Erith) and stores that will be convenient and easily accessible to the new population. On this basis it is assumed:

- For **convenience retail**, a retention level of 20% is forecast in 2038 and a 5% inflow. This results in the potential capacity for **731 sqm net** of new convenience floorspace in 2038 (equivalent to a gross floorspace of 1,044 sqm).
- For **comparison retail** a retention level of 10% by 2038 is considered reasonable, along with a 5% inflow. This results in capacity for **719 sqm net** of new comparison retail in 2038 (equivalent to a gross floorspace of 1,027 sqm).

6.57 Although the residual expenditure capacity could be absorbed by existing stores and by online sales, the level of forecast convenience capacity could support a smaller convenience store format (e.g. Tesco Express, Sainsbury's Local, etc.) as part of any residential development; to meet the more essential day-to-day food shopping needs of the new population in a sustainable and walkable catchment. The main (bulk) food shopping needs of the new population will be met by larger foodstores in nearby centres, or through online purchases.

## SUMMARY

6.58 The NPPF (paragraph 85d) is clear that local planning authorities should plan to meet the need for new retail and town centre uses by "*looking at least ten years ahead*". The PPG also states that given the uncertainty in forecasting long-term retail trends and consumer behaviour, assessments "*...may need to focus on a limited period (such as the next five years) but will also need to take the lifetime of the plan into account and be regularly reviewed*"<sup>75</sup>. Therefore, whilst greater weight should be placed on forecasts over the next five to ten-year period, we have also assessed the potential capacity for new retail floorspace over the lifetime of the plan, up to 2038, to help inform the Council's longer term plan-making and strategies.

6.59 Based on the preferred GLA population projections, there is no requirement for the local planning authority to identify and allocate new sites for retail development over the ten-year period up to 2031, or over the longer lifetime of the local plan. If demand for new retail floorspace should arise over the plan period, then this should be directed to the Borough's existing centres in accordance with the "*town centre first*" (sequential) approach detailed in national, regional and local plan policy and guidance.

6.60 The population growth forecast under the Bexley Growth Strategy (BGS) results in higher capacity beyond the ten-year forecast period, from 2031 to 2038. This is driven by the significant new residential development and population growth identified for the Housing Growth Areas (HGAs), principally focussed on Lower Belvedere, Abbey Wood/Wilton Road and Slade Green. However these capacity forecasts are highly

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<sup>75</sup> PPG. Paragraph 004. Reference ID: 2b-004020190722

theoretical and should be treated with caution, as they are dependent on the delivery of significant new infrastructure investment within the lifetime of the plan.

- 6.61 The final section of this study sets out the implications of the forecast capacity for plan-making, and our recommendations for a robust and deliverable strategy for centres based on known site availability.

## 7 COMMERCIAL LEISURE NEEDS ASSESSMENT

- 7.1 Having assessed the capacity for new retail floorspace, this section focuses on the potential need for new leisure uses and facilities in the Borough over the plan period. This assessment necessarily focuses on the main leisure, entertainment and cultural uses identified by the NPPF (Annex 2). These uses are widely accepted as making a significant contribution to the overall vitality and viability of town centres, and should be located in town centres first in accordance with national and local plan policy objectives.
- 7.2 As described in Section 2, the Government’s reform of the Use Classes Order came into effect on 1<sup>st</sup> September 2020. The table below summarises the impact of these reforms on the classification of the main food and beverage, commercial leisure and cultural uses.

**Table 7.1: Use Classes Order Update**

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

Source: <sup>(1)</sup> Town and Country Planning (Use Classes) Order 1987 (as amended);

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

- 7.3 It is important to understand at the outset that forecasting the need for new leisure uses is more problematic than for retailing, as the sector is highly complex and dynamic. For example, the demand for existing and new leisure uses and facilities is particularly sensitive to changes in economic, demographic, lifestyle and fashion trends. Consequently, the methods developed to forecast the need for new leisure uses are necessarily more flexible and high level. In this context LSH has developed robust and transparent approaches to assess the needs for new leisure uses based on the following key inter-related workstreams:
- A review of the key trends driving expenditure growth and market demand in the leisure sector over the last decade;
  - An audit of existing leisure provision in the Borough to help identify whether there are any significant ‘gaps’ in provision;
  - A review of current leisure participation rates and preferences across the study area based on the results of the household survey; and
  - For some leisure uses we have applied a robust economic need assessment based on accepted approaches.

7.4 Appendix A11 sets out the economic tables detailing the forecast growth in leisure expenditure. This section provides a summary of the key leisure trends, current provision and participation in the Borough its main centres to help identify the potential (quantitative and qualitative) need for new uses and facilities over the plan period. As for the retail capacity assessment all leisure need forecasts should be treated with caution as they are subject to dynamic market and lifestyle trends, and changes in the market demand and investment preferences of leisure operators.

## LEISURE EXPENDITURE GROWTH & PARTICIPATION LEVELS

7.5 The leisure sector has experienced significant growth in consumer and market demand since the mid-1990s; fuelled by a buoyant economy, growing disposable income and low unemployment levels. Although the sector will not be immune to the impact of the recent economic impacts of the COVID19 pandemic and the recovery could lead to the loss of a number of established leisure operators (see below), the fact is that leisure and entertainment activities remain an important lifestyle and entertainment choice for many consumers over other areas of spending.

7.6 Against this background Tables 1-5 (Appendix A11) set out the forecasts of leisure expenditure growth across the Catchment Area and Zones based on the latest Experian-based expenditure figures and growth forecasts. These tables show:

Tables:	Description
1	Baseline population and projected growth for the period 2021 to 2038.
2	Baseline expenditure per capita figures for different leisure categories (expressed in 2019 prices), as derived from LSH's Experian-based MMG3 Geographic Information System (GIS).
3	Forecast year-on-year growth in leisure expenditure per capita based on the latest forecast by Experian set out in Retail Planner Briefing Note 18 (see Section 3).
4	Forecast growth in leisure expenditure per capita figures by category (Table 2 multiplied by Table 3).
5	Forecast growth in total available leisure expenditure by category up to 2038 (Table 1 multiplied by Table 4).

7.7 Based on Experian's forecasts - and after taking account of the likely impacts of the pandemic on leisure spend at the time of preparing this study – the table below shows that total available expenditure in the defined Borough Area (Zones 1-6) is forecast to increase by £172.7m (+27.7% %) between 2021 and 2038.

**Table 7.2: Borough Area - Total Forecast Growth in Available Leisure Expenditure by Category**

	2018	2021	2026	2031	2038	GROWTH (£m):	
						2021-31	2021-38
Accommodation Services	£52.2	£54.8	£60.7	£66.6	£74.5	£11.8	£19.7
Cultural Services	£87.6	£92.1	£101.9	£111.9	£125.3	£19.8	£33.1
Games of Chance	£44.6	£46.9	£51.9	£57.0	£63.8	£10.1	£16.9
Personal Grooming	£31.6	£33.2	£36.8	£40.4	£45.2	£7.1	£11.9
Recreation & Sporting Events	£54.0	£56.7	£62.8	£68.9	£77.1	£12.2	£20.4
Food & Beverage	£354.3	£372.5	£412.1	£452.3	£506.1	£79.8	£133.7
<b>BEXLEY BOROUGH AREA - TOTAL</b>	<b>£624.3</b>	<b>£656.3</b>	<b>£726.3</b>	<b>£797.1</b>	<b>£892.0</b>	<b>£140.7</b>	<b>£235.7</b>

Source: Appendix A11. Tables 1-5.

7.8 The 'food and beverage' ('F&B') sector accounts for a significant proportion (57%) of total available leisure spend, followed by 'cultural services' (14%), 'recreation services and sporting events' (9%), accommodation services (8%), 'games of chance' (7%) and 'personal grooming' (5%).

7.9 This expenditure profile is broadly reflected by the participation levels of the Borough's population in different types of leisure activity. The household survey results show that the main leisure activities in Bexley and the wider Catchment Area are eating out in cafés and restaurants, visiting the cinema and going to concerts and/or the theatre. In contrast, gambling activities are the least popular leisure activity amongst the respondents to the household survey.

**Table 7.3: Participation Levels in Different Leisure Activities<sup>(1)</sup>**

Visits to:	Borough Area (Zones 1-6)	Catchment Area (Zones 1-8)
Eat Out (cafés & restaurants)	76.2%	78.7%
Cinema	58.7%	68.5%
Theatre / Concert	60.8%	60.3%
Museum / Gallery / Other Historic or Cultural Attractions	43.8%	48.0%
Pub / Bar / Nightclub	44.1%	46.8%
Gym / Health & Fitness Facilities	28.1%	36.0%
Family Entertainment Venues <sup>(2)</sup>	29.3%	36.2%
Other Leisure Activities	24.0%	23.1%
Bingo, Casinos or Bookmakers	7.1%	8.2%

Source: Household Telephone Interview Survey (June 2018). Responses to questions 36-44.

Note (1): Participation levels are based on respondents to the survey who stated that they "normally" carry out the leisure activity.

Note (2): Family Entertainment Venues (FEVs) include Tenpin Bowling, Trampoline Parks, Leisure Parks, etc.

7.10 In summary, there is substantial spend and forecast growth on 'eating and drinking out' in the Borough, and participation levels are also the highest in this popular leisure sector. This suggests that there could be the potential to sustain new cafés, restaurants, bars and other venues over the forecast period, subject to operator demand and taking account the impact of dynamic economic and market trends on this sector (including any long-lasting impacts of the pandemic). Against this background, the following commentary identifies the potential 'gaps' in the commercial leisure offer of the Borough's main centres, and the likely qualitative and quantitative need for new uses and facilities over the ten-year period to 2031 that will help to maintain and enhance the daytime, evening and night-time economies of the Borough's main centres.

## **CINEMA NEED**

7.11 The UK cinema sector has evolved dramatically since the 1990s when it was largely dominated by a handful of national multiples. Today the sector offer ranges from larger multiplexes<sup>76</sup>, to smaller independent operators and 'pop up' venues. The table below sets out some of the main cinema operators in the UK.

7.12 Notwithstanding the greater variety and choice in the cinema sector, the three largest cinema operators still account for around 70% of total UK screens. The six largest operators are collectively responsible for about 85% of the sector. The following provides a snapshot of the growth in the cinema market over the last 10-15 years and the recent impact of the COVID-19 pandemic based on current research<sup>77</sup>:

<sup>76</sup> In general a multiplex is considered to be any cinema with five screens or more, though some of the largest multiplex sites have as many as 12 or 16 screens

<sup>77</sup> Dodona Research; The Big Picture; BFI

**Table 7.4: Main cinema operators in the UK**

Operator/ Brand:	No. of Cinemas	Description:
<b>Cineworld</b>	116	Established in 1995. The first cinema opened in Stevenage in 1996. Acquired the Picturehouse Cinema chain in 2014 (see below). Cineworld is the leading cinema operator in the UK (based on revenue).
<b>Odeon/UCI</b>	120	Established in 1930s. In July 2016, Terra Firma sold Odeon/UCI to the Chinese-owned AMC Entertainment group.
<b>Vue</b>	93	Established in 2003, following the acquisition of Warner Village for £250m. Grown through new development and acquisitions (e.g. acquired 7 Star Century cinemas in 2005 and 15 Apollo cinemas in 2012). In June 2013, the business was sold to Canadian investment firm OMERS Private Equity and Alberta Investment Management.
<b>Everyman</b>	35	Established in 2000. Acquired the Screen Cinemas chain in 2008 and 4 cinemas from Odeon in 2015. Increased its revenue by 27% in 2018 and opened 7 cinemas in 2019.
<b>Picturehouse</b>	25	Established in Oxford in 1989. Differentiated by its unique locations, homely atmosphere, and art-house film. Cineworld acquired the entire chain for £47.3m in 2012. A new cinema is scheduled to open in Ealing in 2021.
<b>Showcase</b>	19	Established in 1986. Owned by National Amusements Inc
<b>Empire</b>	14	Established in 2005, but has its origins in the Empire on Leicester Square which opened in 1884. Formed following the purchase of 11 former UCI and Odeon cinemas for c.£50m that had to be divested by Terra Firma (see above). Cineworld acquired 5 cinemas from Empire in 2016 for £94m, including the flagship cinema in Leicester Square.
<b>Reel</b>	10+	Established in 2001, following the purchase of Curzon in Loughborough. Independently owned and branded as Reel Cinemas in 2005. Following their acquisition of Apollo, Vue sold 4 cinemas to Reel.
<b>The Light</b>	9	Established in 2007. Multiplexes in Wisbech, Cambridge, Walsall, Bolton, Sheffield, Stockport, Bradford and Addlestone. Trialled its first 3-screen cinema in Thetford, Norfolk - opened in 2016.
<b>Movie House</b>	3	Established in 1990. Based in Northern Ireland and acquired the UGC (ex MGM/Virgin) multiplex in Belfast City Centre. Also owns two other multiplexes in Northern Ireland.

Source: Various

- Total admissions in 2019 stood at 176.1 million. This was slightly down on 2018 (177m), but was still the second highest recorded admissions since 1970 (193m). Admissions in 2020 fell to 44m due to the impact of the COVID-19 pandemic; the lowest level since records began (dating back to 1935).
- UK box office receipts consistently reached their highest recorded levels in 2017 (£1.278bn), 2018 (£1.277bn) and 2019 (£1.251bn), but fell to £297m in 2020.
- The number of cinemas has increased from 697 in 2006, to 801 in 2017 and 840 in 2019.
- The number of cinema screens has increased from 3,741 in 2010, to 4,564 in 2019.
- Approximately three-quarters (78.2%) of the screens are in multiplexes.
- The average population per screen in 2019 was estimated to be 14,529.
- Average annual spending per head on cinema trips has increased steadily from £12.93/head in 2005 to £18.72/head in 2019, before falling to £4.37/head in 2020.

7.13 Although year-on-year admissions and box-office takings are notoriously volatile — driven by the appeal of individual films and Hollywood ‘blockbusters’ — the long-term trend since the mid-1980s has been upward, and has principally been driven by the development of new cinemas. The growth in the cinema sector over the last 10-20 years is even more impressive when one considers that this has occurred against the increase in new and sophisticated in-home entertainment, driven by new technology, choice and flexibility (including, for example, Sky, Netflix and Amazon, and in 2020 the launch of Apple and Disney platforms).

7.14 As the competition in the sector has increased, cinema operators have responded by introducing changes to the cinema experience, including new innovations in technology, improvements to the auditoriums and the introduction of higher quality refreshments, alcohol and food. For example Odeon has introduced their luxury ‘Luxe’ branding into a number of converted and new cinemas since 2017, and this evolved into the opening in 2019 of its premium ‘Luxe & Dine’ concept in Islington, north London, which is specifically aimed at adults. Showcase also introduced their ‘Cinema De Lux’ branded multiplexes in 2014, beginning with the conversion



of its cinema in Bluewater. This subsidiary brand puts emphasis on customer service, lush décor, high quality food and other high-end amenities, and 13 other Showcase multiplexes have since upgraded to the Cinema de Lux brand.

- 7.15 There has also been a growth in smaller (Digital) cinemas serving smaller catchment areas. These Digital cinemas are more flexible and less “*space-hungry*”, as they do not require the large auditoriums needed to accommodate traditional projectors. There are therefore opportunities to provide a modern cinema offer in existing (repurposed) buildings and shopping centres, or as part of a mixed use offering. Other trends in the sector include the growth of ‘pop-up’ cinemas. Although there appears to be no reliable or recent data on the UK ‘pop-up’ cinema market, it is estimated that there were some 800-1,000 screenings in 2018, with 650+ screenings in London alone. Analysts estimate that the sector has a market value of circa £10m and has the potential to grow at between 20-25% per annum. Luna Cinema is the market leader and is reported to have achieved a turnover of around £3m in 2019 from around 175-200 screenings per year. Other niche operators in this space include Rooftop Film Club London, Backyard Cinema, Secret Cinema, Pop-up Screens and The Nomad Cinema.
- 7.16 Although the impact of the COVID-19 pandemic has had a significant impact on cinema attendances and sales in 2020 - potentially leading to a period of restructuring and consolidation across the industry - we nevertheless consider that cinema attendances will begin to recover over the medium term as major new films are released. Cinema trips will remain a significant and popular leisure activity for all age groups. Notwithstanding this, the competition from home entertainment and alternative at-home film channels will intensify and cinema operators will have to keep updating and adapting their offer to respond to consumer needs.
- 7.17 For Bexley Borough’s residents the table below shows the most popular cinemas based on the household survey market shares.

**Table 7.5: Cinema Provision in the Study Area**

Cinema Venue	Belvedere & Abbey Wood (Zone 1)	Erith (Zone 2)	Welling (Zone 3)	Bexleyheath (Zone 4)	Crayford & Bexley (Zone 5)	Sidcup (Zone 6)	Borough Zones (Zones 1-6)	Study Area (Zones 1-8)
<b>BEXLEY BOROUGH LOCATIONS</b>								
Cineworld, Bexleyheath	63.2%	65.3%	63.2%	65.4%	66.6%	39.4%	58.9%	46.8%
<b>MAIN OUT OF BOROUGH LOCATIONS</b>								
Showcase Cinema, Bluewater	29.8%	32.6%	23.9%	33.0%	30.0%	40.7%	32.2%	33.9%
Cineworld, The O2	5.3%	0.6%	5.8%	0.8%	0.0%	6.3%	3.4%	2.5%
Odeon Cinema, Orpington	0.0%	0.0%	0.0%	0.0%	0.0%	5.0%	1.1%	10.4%
Greenwich Picturehouse, Greenwich	0.0%	0.5%	1.1%	0.0%	2.3%	1.3%	0.9%	0.6%
Odeon Cinema, Bugsby Way, Charlton	1.7%	0.5%	3.9%	0.0%	0.0%	0.6%	1.2%	1.6%
Other:	0.0%	0.5%	2.1%	0.8%	1.2%	6.6%	2.3%	4.1%
<b>TOTAL</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>

- 7.18 Cineworld in Bexleyheath is the only multiplex cinema in the Borough and the survey results confirm that it is the most popular cinema for residents in the Borough (58.9%) and wider Catchment (Study) Area (32.2%). Cineworld is achieving higher market shares of around two-thirds on average in Zones 1-5, but its share in Zone 6 (Sidcup) is lower, at 39.4%. The Showcase in Bluewater is the main competition, with an average market share of 33.9% in the Catchment Area, increasing to 40.7% in Zone 6. Other popular cinemas outside Bexley include the Cineworld at O2 and the Odeon in Orpington.

- 7.19 The high-level assessment of the potential need for new cinema provision in the Borough area is based on standard approaches that draw on published national and regional ‘screen density’ averages (i.e. the number of screens per 100,000 population). According to the latest available research<sup>78</sup>, the current UK average is 6.6 screens per 100,000 people, which represents an increase from 6.1 screens in 2014. The equivalent figure for the South East region is 7.4 screens per 100,000 people<sup>79</sup>.
- 7.20 On this basis the table below shows the potential quantitative need for additional cinema screens for Bexley Borough up to 2031 and 2038, based on the GLA population projections.
- 7.21 In simple terms, we first calculate the Borough’s current retained cinema-going population of 150,742, by applying the 58.7% participation rate to the total Borough population of 256,800 in 2021. Applying the average screen density of 7.4 to this population produces a screen potential of 11. After allowing for the 9-screen Cineworld in Bexleyheath, this results in a current residual potential capacity for two additional screens in the Borough. In terms of commitments, the new 3-screen cinema on Sidcup High Street (in the former Blockbuster unit) will be operated by the Really Local Group and is scheduled to open in 2022. This will effectively take up all the forecast need for new cinema screens over the ten-year period, to 2031. There is potential for an additional cinema screen by 2038 due to forecast population growth.

**Table 7.6: Potential Capacity for New Cinema Screens in Bexley Borough, 2021-38**

	2021	2026	2031	2038
Bexley Borough Area Population:	256,800	267,650	278,100	288,430
Current Retention Level:	59%	59%	59%	59%
Cinema Population:	151,255	157,646	163,801	169,885
Screen density per 100,000 people:	7.4	7.4	7.4	7.4
Screen potential:	11.2	11.7	12.1	12.6
Existing screens:	9	9	9	9
Planned new screens:	0	3	3	3
<b>INDICATIVE SCREEN CAPACITY:</b>	<b>2</b>	<b>0</b>	<b>0</b>	<b>1</b>

- 7.22 To test the sensitivity of the forecasts we have also allowed for an increase in the Borough’s market share of cinema trips from 59% to 75% by 2031 and 2038. This assumes that the new cinema in Sidcup will increase the Borough’s overall retention of cinema-goers. As the table below shows, this increases the capacity for new cinema screens to 3 by 2031 and 4 by 2038.

<sup>78</sup> Dodona Research, Office for National Statistics (ONS) and BFI

<sup>79</sup> The average screen density for the West Midlands region is 6.1, and 5.3 for the North East.

**Table 7.7: Revised Capacity for New Cinema Screens in Bexley Borough, 2021-38**

	2021	2026	2031	2038
Bexley Borough Area Population:	256,800	267,650	278,100	288,430
Current Retention Level:	59%	65%	75%	75%
Cinema Population:	150,742	173,973	208,575	216,322
Screen density per 100,000 people:	7.4	7.4	7.4	7.4
Screen potential:	11.2	12.9	15.4	16.0
Existing screens:	9	9	9	9
Planned new screens:	0	3	3	3
<b>INDICATIVE SCREEN CAPACITY:</b>	<b>2</b>	<b>1</b>	<b>3</b>	<b>4</b>

7.23 In summary, the Borough could support an additional small format and/or boutique cinema over the ten-year forecast period, although this will be highly dependent on market trends in the sector and whether there is any demand from operators for representation in Bexley. Where demand arises, this should be directed to the Borough’s town centres first to help diversity their daytime and evening economies.

## **EATING AND DRINKING OUT**

7.24 The food and beverage (F&B) sector includes restaurants, cafés, bars and pubs (former Class A3-A5). These uses are an integral part of a town centre’s wider offer and economy. A good choice and quality of F&B uses can help to complement other town centre uses, by generating trips, stretching ‘dwell times’ (i.e. the time people spend in centres), increasing ‘linked’ expenditure to other shops and businesses as part of the same trip, and strengthening both daytime and evening economies.

7.25 As identified above, the F&B sector dominates average household expenditure and participation in leisure across the Study Area. Spend on F&B is also forecast to experience the greatest growth over the plan period. In theory, this expenditure growth should support the potential to enhance the scale, quality and choice of F&B uses across the Borough and in its main centres. In reality though, this growth will be determined by current and future trends in the sector and market demand. The table below summarises of some of the current trends that are driving changes in the food and beverage sector.

7.26 Research shows that the multiple chains mainly dominated the expansion of the F&B sector up to 2017 when they accounted for almost half of all net new business openings. However, since 2017 a number of multiples in the casual dining sector have struggled against a backdrop of increased competition, rising costs and a tightening of consumer spending due to wider Brexit and economic concerns. The reality is that too many F&B operators expanded too quickly into increasingly marginal locations, funded by private equity, and the market became saturated and unsustainable. The growth in the availability, convenience and speed of home deliveries driven by new technology and apps represents a further significant challenge to more traditional F&B operators. These challenges have been further accelerated by the impact of the COVID-19 pandemic.

7.27 These new challenges and pressures have resulted in a radical restructuring of businesses across the sector, resulting in the closure of many loss-making branches. It is estimated that some 1,412 UK restaurants closed in the year to the end of June 2019<sup>80</sup>. This represented a +25% increase on the previous year and was the highest number of insolvencies recorded since 2014, when approximately 750 restaurants closed. Both the

<sup>80</sup> Research by UHY Hacker Young. Reported in The Guardian <https://www.theguardian.com/business/2019/sep/16/more-than-1400-uk-restaurants-close-as-casual-dining-crunch-bites>

larger multiples and smaller independent restaurant operators have been affected (including Strada, Jamie's Italian, Byron Burger, Carluccio's and Prezzo).

**Table 7.8: Key trends in the food and beverage sector**

Use:	Headline Market Trends:
<b>Restaurants</b>	Notwithstanding the impacts of the pandemic, this sector had experienced mixed fortunes up to 2020. Some of the key trends driving change included an increase in <i>'eating at home'</i> , with operators increasingly entering the home delivery market using online third-party delivery companies (such as Just Eat, Deliveroo and Uber Eats). COVID-19 and "social distancing" has accelerated this trend, with more households now eating from home.
<b>Pubs and Wine Bars</b>	Pub operators have widened their food and non-alcoholic beverage offer the last decade, resulting in the growth of so-called <i>"gastro-pubs"</i> and, most recently, the rise in 'micro' and 'craft' pubs. Notwithstanding this trend, the sector has also been characterised by increasing consolidation and closures. This is mainly explained by high occupancy costs (e.g. business rates) and beer duty, and changes in consumer demand and drinking habits. As a consequence there has been a significant increase in the conversion and/or redevelopment of pubs to alternative uses over the last decade; including for residential uses and/or convenience retailing. Research by CAMRA indicates that some 854 pubs closed in 2018. On a positive note the number of closures slowed from 980 in 2017, which most likely reflected the impact of new planning policies and the recognition of pubs as <i>'Assets of Community Value'</i> (ACV). Figures from the ONS show that the number of small pubs in the UK (defined as having under 10 employees) has almost halved since the turn of the century; from 38,830 in 2001 to 22,840 in 2018. The latest figures show a slight (+0.4%) increase to 22,925 in 2019, which also probably reflects the impact of policy changes and the growing popularity of 'micro pubs' and craft beers.
<b>Cafés and Coffee Shops</b>	This sector has experienced strong growth over the last decade. Latest figures show that the UK coffee shop market comprises some 25,500 outlets and is valued at £10.1bn <sup>81</sup> . Costa Coffee, Starbucks and Caffè Nero are the three largest chains in the UK, with 2,655 outlets and a total market share of 53%. The UK branded coffee shop market is estimated to exceed 10,000 outlets by 2023, equivalent to a 5-year compound annual growth rate of 5%. Notwithstanding the rise of the multiples, this sector has also been characterised by growth in independent and specialist cafés and coffee houses; particularly those serving a more luxury or specialist offer (e.g. organic, in-house roasted beans, and Fairtrade). In the specialty segment, artisan concepts continue to grow (such as 'Department of Coffee' and 'Social Affairs'). Others include London-based 'Grind' and 'Caravan'. The strong independent coffee sector has also fuelled many new start-up businesses in local centres. The continued growth of this sector has been one of the most successful in the UK economy

- 7.28 It is likely that there will be an increase in business failures and closures during 2021/22 as the impact of the pandemic on sales, profit margins and rising debts deepens. Experts predict that this further *"shakeout"* in the sector will leave the proactively managed multiple and independent businesses that have strong brand loyalty and/or a clear differentiated offer as the main "winners". This is illustrated by a number of recent success stories that provide hope for the sector, including Nando's the South African restaurant chain and Gail's Artisan Bakery.
- 7.29 Pubs and takeaway outlets should also continue to outperform restaurants as they are better positioned to satisfy the demand for lower-cost, convenient meals. For example, McDonalds reported a +5.9% year-on-year growth in global sales in 2019 and opened 40 new sites in the UK in 2019. It is committed to investing £1bn in UK over the next three years, with focus on new openings, refurbishments, improving the *"digital experience"* for customers and the introduction of home deliveries during the pandemic. Other initiatives include a new *"grab-and-go"* format with no seating and smaller self-order screens in Fleet Street, London.
- 7.30 F&B operators, like retailers, will also need to understand and cater for the needs of the changing demographic and consumer market to remain relevant and viable. For example, Section 3 identified that Millennials (under 35s) make-up almost one-quarter of the UK population and research shows that they spend a substantial 13% of their disposable incomes on eating and drinking out<sup>82</sup>. Looking ahead, by 2025 it is estimated that Millennials will make up over 80% of all parents in the UK, meaning that restaurants, pubs and cafés will also need to evolve and adapt to cater for the changing needs of new 'Millennial families'. This

<sup>81</sup> Source: Allegra World Coffee 2019 (Project Café UK 2019)

<sup>82</sup> Foodspark

could be driven for example, by increasing emphasis on convenience, affordability, entertainment, uniqueness and the use of technology and apps.

- 7.31 Restaurant operators will therefore, as a minimum, need to make sure that they are easy to reach online and on social media with up-to-date menus and strong images, and adapt the latest technologies to drive online booking. It will also mean sourcing more organic, vegetarian/vegan and local sustainably sourced produce that respond to customers' changing tastes and concerns with regard to climate change. For example, figures provided by the Vegan Society indicate that there are approximately 1.7m vegetarians in GB and over 900,000 vegans. Forecasts indicate that vegans and vegetarians could make up a quarter of the British population in 2025<sup>83</sup>. This trend has impacted on the business models and menus of a number of the leading national restaurant and takeaway operators. For example, 'Pret A Manger' has some 400 outlets in the UK and acquired 110 outlets operated by its rival Eat in 2019. Pret plans to rebrand some of the acquired sites as 'Veggie Pret' to tap into this growth, and the first outlet opened in 2016 in Soho, London, after a month-long 'pop-up' trial.
- 7.32 There is also the potential for restaurants and pubs to tap more into the growth in home deliveries following the impact of the pandemic, with the potential to reach new audiences and increase turnover at quieter times.
- 7.33 In this context it is no coincidence that the popularity of street food, market halls and "*meanwhile*"/"*pop-up*" restaurants and bars has also coincided with the growth in the spending power and influence of the Millennials. These more informal drinking and eating venues fulfil their desire to experiment and explore different styles of drink, food and new cuisines in exciting new and more informal environments. Trialling a "pop-up" site also represents an opportunity to test a new concept, gain a following, fine-tune details and secure investment before making a long-term commitment. The pop-up concept is also attractive to landlords and property companies who are increasingly nervous about signing long leases following numerous high profile restaurant closures. Examples include the Spanish 'small-plates' restaurant, Pilgrim, which started out with a six-month residency in Hackney before gaining the backing of Graffiti Spirits Group and opening their first permanent restaurant at the group's Duke Street Market in Liverpool. They have since tested the concept further with pop-ups in London and Liverpool allowing them to refine their menus and build an audience.
- 7.34 Turning to the food and beverage provision in Bexley Borough, the household survey helps to broadly identify where respondents usually "eat out"

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<sup>83</sup> 'Future of Food Report', Sainsbury's.

**Table 7.9: Eating Out - Market Shares**

	Belvedere & Abbey Wood (Zone 1)	Erith (Zone 2)	Welling (Zone 3)	Bexleyheath (Zone 4)	Crayford & Bexley (Zone 5)	Sidcup (Zone 6)	Borough Zones (Zones 1-6)	Study Area (Zones 1-8)
<b>MAIN VENUES IN BEXLEY BOROUGH</b>								
Belvedere	11.5%	0.0%	0.0%	0.7%	0.0%	0.0%	1.7%	1.3%
Bexley Village	3.3%	2.7%	1.5%	1.2%	40.0%	3.0%	6.2%	5.6%
Bexleyheath	41.5%	42.8%	34.0%	50.0%	7.1%	12.1%	31.5%	26.5%
Crayford	3.1%	9.8%	1.8%	0.9%	17.7%	1.0%	4.8%	4.2%
Erith	3.0%	6.0%	0.0%	0.0%	0.0%	0.0%	1.6%	1.2%
Sidcup	1.1%	0.5%	1.5%	0.9%	8.6%	51.6%	13.1%	10.9%
Welling	3.3%	1.6%	19.9%	2.2%	1.4%	2.5%	5.6%	4.3%
<b>LPA Retention Rate</b>	<b>66.8%</b>	<b>63.4%</b>	<b>58.7%</b>	<b>56.0%</b>	<b>74.8%</b>	<b>70.2%</b>	<b>64.5%</b>	<b>54.1%</b>
<b>MAIN VENUES VISITED OUTSIDE BEXLEY BOROUGH</b>								
West End / Central London	17.3%	11.4%	9.8%	18.3%	3.7%	10.0%	11.9%	12.0%
Bluewater, Greenhithe	5.2%	13.8%	22.8%	12.2%	13.0%	1.1%	11.1%	10.3%
Orpington	0.0%	0.0%	0.5%	0.6%	0.0%	0.5%	0.3%	6.3%
Dartford	1.0%	2.5%	0.5%	2.5%	4.7%	0.0%	1.6%	2.9%
Bromley	1.0%	0.5%	1.8%	0.6%	0.0%	0.0%	0.7%	2.8%
<b>Other:</b>	<b>8.7%</b>	<b>8.4%</b>	<b>6.0%</b>	<b>9.8%</b>	<b>3.8%</b>	<b>18.2%</b>	<b>9.9%</b>	<b>11.6%</b>
<b>TOTAL</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>

7.35 The survey results show that the Borough’s centres and venues are retaining approximately 64.5% of “eating out” trips by households, which is a relatively good market share. The headlines are as follows:

- **Bexleyheath** - is the most popular destination for eating out. It is achieving an average market share of 31.5% in the Borough, increasing to 50% in its “home” zone (i.e. Zone 4).
- **Sidcup** - is the next most popular, with a 13.1% market share in the Borough. It is achieving the highest share in its “home” zone (i.e. Zone 6) at 51.6%, which reflects its good choice of restaurants, but it has a more limited penetration in the other zones.
- **Bexley Village** – has the third highest market share in the Borough area (6.2%) and its penetration is highest in Zone 5 (40%).
- **Crayford and Welling** – are achieving market shares of 4.8% and 5.6% respectively. Both are achieving the highest penetration in their “home” zones, with more limited draw from other zones; although Crayford is achieving a 9.8% share in Zone 2 as well.
- **Erith** – has the lowest market share of all the Borough’s main centres of just 1.6% in the Borough area. Its market penetration of 6% in its “home” zone (i.e. Zone 2) is also limited, with the majority of respondents in this zone choosing to visit either Bexleyheath (42.8%), Bluewater (13.8%), London’s West End (11.4%) or Crayford (9.8%).
- **Belvedere (Nuxley Road)** – is achieving a higher average market share in the Borough of 1.7% than Crayford. It penetration is strongest in its “home” zone (i.e. Zone 1) at 11.5%.
- **Bluewater and West End** –these are the most population destinations outside the Borough. Bluewater’s market share is strongest in Zone 3 (22.8%) and the West End has the highest market share in Zone 1 (17.3%).

7.36 The survey-derived market shares for “drinking out” are summarised in the table below.

**Table 7.10: Drinking Out - Market Shares**

	Belvedere & Abbey Wood (Zone 1)	Erith (Zone 2)	Welling (Zone 3)	Bexleyheath (Zone 4)	Crayford & Bexley (Zone 5)	Sidcup (Zone 6)	Borough Zones (Zones 1-6)	Study Area (Zones 1-8)
<b>MAIN VENUES IN BEXLEY BOROUGH</b>								
Belvedere	34.2%	0.8%	0.7%	1.2%	0.0%	0.0%	5.0%	3.8%
Bexley Village	0.0%	1.7%	2.2%	1.1%	49.6%	6.0%	7.4%	6.7%
Bexleyheath	36.8%	47.1%	20.7%	39.5%	21.3%	10.2%	29.1%	24.1%
Crayford	1.8%	5.6%	4.9%	2.0%	10.1%	0.0%	3.8%	3.0%
Erith	0.0%	8.5%	0.0%	0.0%	0.0%	0.0%	1.7%	1.3%
Sidcup	0.0%	0.0%	6.4%	0.0%	1.5%	48.4%	10.8%	9.9%
Welling	1.8%	1.7%	31.3%	0.0%	0.0%	1.1%	7.6%	5.7%
<b>LPA Retention Rate</b>	<b>74.6%</b>	<b>65.4%</b>	<b>66.3%</b>	<b>43.8%</b>	<b>82.5%</b>	<b>65.7%</b>	<b>65.4%</b>	<b>54.5%</b>
<b>MAIN VENUES VISITED OUTSIDE BEXLEY BOROUGH</b>								
Central London	7.6%	19.9%	23.8%	26.8%	10.0%	11.7%	17.5%	19.1%
Dartford	2.1%	4.7%	0.8%	1.1%	1.5%	0.0%	1.7%	5.2%
Bromley	0.0%	0.0%	0.0%	4.8%	0.0%	1.1%	0.9%	3.6%
Orpington	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	2.8%
Chislehurst	2.1%	0.0%	0.0%	0.0%	0.0%	2.0%	0.7%	1.9%
<b>Other:</b>	<b>13.4%</b>	<b>10.0%</b>	<b>9.1%</b>	<b>23.5%</b>	<b>6.1%</b>	<b>19.5%</b>	<b>13.7%</b>	<b>12.9%</b>
<b>TOTAL</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>

7.37 As for eating out, Bexleyheath (29.1%) and Sidcup (10.8%) are the most popular destinations in the Borough. Welling (7.6%), Bexley Village (7.4%) and Belvedere (Nuxley Road) (5%) all achieving a relatively good Borough-wide market shares. Erith is again the least popular destination. The main competition for the Borough and its centres is from venues in Central London. Bluewater is not a significant attraction, as it has limited pubs and bars as part of its wider offer.

7.38 To help inform the high-level assessment of the potential need for new food and beverage uses over the forecast period we have first applied the Borough-wide retention level of 65.4% to the available F&B spend of £372.5m in 2021 (see table below). This results in retained F&B expenditure (or turnover) of £243.6m in 2021, which is forecast to increase to £269.1m by 2031 and to £288.5m by 2038.

**Table 7.11: Forecast spend available to support new Food & Beverage uses, 2021-2038**

	2021	2026	2031	2038
Bexley Borough Area - Available Spend on F&B (£m):	£372.5	£412.1	£452.3	£506.1
F&B Borough-wide Participation Levels (%):	76%	76%	76%	76%
F&B Borough-wide Market Share (£m):	£283.8	£314.1	£344.7	£385.7
Benchmark Turnover (£m):	£283.8	£298.3	£313.5	£336.1
Net Residual F&B Spend Capacity:	£0.0	£15.7	£31.1	£49.5

7.39 Applying a robust year-on-year 'productivity' ('efficiency') growth rate of 1% to the Borough-wide turnover of £243.6 to allow for existing businesses to cover their reasonable costs over time, produces a net residual expenditure capacity of £31.1m in 2031. Based on the available evidence it is assumed that the average annual turnover of a café/restaurant/bar is around £1 million. On this basis there could be potential for circa 30 F&B outlets across the Borough by 2031, increasing to circa 49 by 2038 based on the GLA population projections.

7.40 This forecast need will be dependent on the level of market interest and demand from operators for representation in the Borough. Any demand should be directed to the Borough's main centres first to help increase competition and choice, and to underpin their daytime and evening economies. In most cases the

forecast need and any market demand from operators will be satisfied by the take-up of suitable vacant units in existing centres, the repurposing of floorspace and/or as part of mixed use developments. For Erith in particular, investment in new food and beverage uses in the town centre will help to establish and support a more diverse and resilient daytime and evening economy.

## Health and Fitness Facilities

7.41 Notwithstanding the impact of the economic downturn and Brexit on household incomes and confidence, recent research<sup>84</sup> (pre-pandemic) indicated that the UK health and fitness industry was stronger than it has ever been as measured by number of gyms, membership and market value. The headlines for the 12 month period up to the end of March 2019 show:

- The number of fitness facilities in the UK increased to 7,239 (compared with 6,435 in 2016), and total membership grew by 4.7% to 10.4 million between 2018-19.
- Total market value increased by 4.2% to £5.1 billion up from £4.4bn in 2016.
- The UK penetration rate increased to 15.6%, up from 13.7% in 2015.

7.42 Gyms and health/fitness facilities make an important contribution to the health and well-being of the population across all age levels. The structure of the UK health and fitness industry has evolved significantly over the last decade to reflect changes in consumer choice and trends. The table below shows the top 10 operators in the health and fitness sector in 2020, ranked by number of facilities. Other major operators just outside the top 10 include Virgin Active, JD Gyms, Sports Direct and Total Fitness

**Table 7.12: Main gym operators in the UK**

Operator/Brand:	UK Facilities	Position	
<b>Pure Gym</b>	250+	Budget	Established in 2009. Acquired all gyms from LA Fitness in 2015. Most locations are open 24 hours and offer cardio equipment, fixed/free weights and exercise classes.
<b>Anytime Fitness</b>	166	Budget	24-hour health and fitness club. Membership rates vary by club.
<b>The Gym Group</b>	159	Budget	Established in 2007. 24-hour access. No fixed contract; membership starts from £10.99/month.
<b>Snap Fitness</b>	123	Mid-Market	Established in 2003. A privately owned and operated club.
<b>DW Sports Fitness</b>	120	Mid-Market	Established in 2009 following purchase of 50 JJB Sports Fitness Clubs and the attached retail stores for £83m.
<b>David Lloyd Leisure</b>	112	Premium	Established in 1982. Provide a family-orientated, high-quality fitness and leisure facility. Whitbread PLC acquired the company in 1995 for £182m. It is now owned by TDR Capital.
<b>Nuffield Health</b>	111	Mid-Market	Acquired 35 Virgin Active clubs in 2016 at a reported cost of £80m. Membership rates vary by club and locations, but start from circa £60/month.
<b>Energie Group</b>	100+	Mid-Market	Established in 2003. Clubs are typically between 5,000-25,000 sqft and comprise a café/ lounge area, fitness area, studio, locker rooms and showers. Many include spa areas, swimming pool, treatment rooms and spinning studios.
<b>Bannatyne's</b>	70	Premium	Established in 1997. Growth driven by new openings and acquisitions; including the purchase of the LivingWell Premier Health club chain from the Hilton Hotel UK Group in 2006. Also operates 37 spas and five hotels across the UK
<b>Exercise4Less</b>	50+	Budget	Gyms are mainly located in the Midlands and North. Gyms in South are in Hounslow, Harlow, Southend, Milton Keynes, Bath and Bristol. Offer a full boxing ring and combat classes. Membership starts from £9.99/month off-peak.

Source: Various

<sup>84</sup> *State of the UK Fitness Industry Report (2019)*. Leisure DB (formerly the Leisure Database Company). The research is compiled by independent leisure market analysts,



- 7.43 The value and budget gym operators have experienced the most significant growth in the sector in recent years. According to figures by *Leisure DB* budget gyms now account for over one-third of gym memberships in the UK. The budget business model is normally based on 24-hour opening, discounted monthly subscriptions (ranging from £9.99 up to £20), ‘pay-as-you-go’ rather than ‘upfront’ annual memberships, and gym-goers providing their own towels, toiletries and locker padlocks for the lockers. The popularity of the budget gyms is best reflected by the rapid expansion and success of Pure Gym since it was founded in 2007, along with relatively new entrants to this sector (such as Fitness4Less, Fitspace, TruGym, and SimplyGym). As a result the budget gym sector is becoming increasingly “crowded” and competitive, and operators are constantly striving for differentiation. Notwithstanding this, we anticipate that there will be some restructuring and consolidation within the budget gym sector as the market evolves, particularly post COVID-19.
- 7.44 The growth of the budget gym operators has also ‘squeezed’ the memberships and viability of some of the established mid-market chains, such as LA Fitness and Fitness First. This has resulted in the increasing polarisation of the gym sector between the budget operators at the value end of the spectrum, and the more exclusive health and fitness centres at the higher, more expensive end. As a result, analysts predict that those mid-market gym operators that are neither very cheap nor particularly exclusive will struggle to maintain market share in the competitive market place unless they revise their business models. Furthermore, as operators compete against the “at-home fitness” revolution (e.g. Peloton), boutique studios and tech-enabled fitness, they will need to evolve to be more than “just gyms”. As with trends in the retail sector, experiences and entertainment will be key to attracting and retaining customers. For example, there has been continued investment into ‘fitness-tainment’ over the last few years and analysts predict that there is plenty of opportunity for future growth.
- 7.45 In this context, the table below shows some of the main public and private gyms and leisure facilities in the Borough at the time of preparing this study based on the results of the household survey.

**Table 7.13: Health and Fitness - Market Shares**

	Belvedere & Abbey Wood (Zone 1)	Erith (Zone 2)	Welling (Zone 3)	Bexleyheath (Zone 4)	Crayford & Bexley (Zone 5)	Sidcup (Zone 6)	Borough Zones (Zones 1-6)	Study Area (Zones 1-8)
<b>MAIN VENUES IN BEXLEY BOROUGH</b>								
Belvedere	0.0%	6.8%	0.0%	0.0%	0.0%	0.0%	1.3%	1.1%
Bexley	25.3%	1.1%	3.3%	0.0%	4.7%	1.2%	5.6%	3.1%
Bexleyheath	33.5%	37.5%	69.5%	55.4%	20.4%	13.4%	40.0%	31.3%
Crayford	0.0%	1.1%	0.0%	0.0%	9.2%	0.0%	1.0%	1.4%
Erith	25.6%	47.2%	1.0%	9.2%	2.4%	0.0%	15.3%	11.0%
Sidcup	3.8%	0.0%	2.8%	10.7%	37.8%	63.6%	18.5%	16.3%
Welling	0.0%	0.0%	6.1%	0.0%	0.0%	1.4%	1.5%	1.3%
<b>LPA Retention Rate</b>	<b>88.2%</b>	<b>93.8%</b>	<b>82.6%</b>	<b>75.3%</b>	<b>74.5%</b>	<b>79.5%</b>	<b>83.3%</b>	<b>65.4%</b>
<b>MAIN VENUES VISITED OUTSIDE BEXLEY BOROUGH</b>								
Central London	0.0%	0.0%	8.5%	8.3%	2.2%	1.4%	3.5%	3.1%
Dartford	0.0%	4.2%	7.0%	9.4%	21.2%	0.0%	5.5%	9.3%
Eltham	0.0%	0.0%	0.0%	0.0%	0.0%	1.3%	0.2%	1.9%
Bromley	0.0%	0.0%	0.0%	4.5%	0.0%	0.0%	0.7%	1.5%
Orpington	0.0%	0.0%	0.0%	0.0%	0.0%	2.5%	0.5%	13.0%
<b>Other:</b>	<b>11.8%</b>	<b>2.1%</b>	<b>1.9%</b>	<b>2.5%</b>	<b>2.1%</b>	<b>15.4%</b>	<b>6.3%</b>	<b>5.7%</b>
<b>TOTAL</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>

- 7.46 The survey-derived market shares show that Bexleyheath is the most popular destination for health and fitness in the Borough; it is achieving an average Borough-wide market share of 40%, peaking at 69.5% in Zone 3 and 55.4% in Zone 4. The Crook Log Leisure Centre (33.1%) is the most popular facility.

7.47 Sidcup (18.5%) and Erith (15.3%) are the next main destinations, followed by Bexley Village (5.6%), Welling (1.5%), Belvedere (Nuxley Road) (1.3%) and Crayford (1%). This indicates that there is potential to increase the level of provision in these centres, subject to market demand. The facilities in Dartford are also achieving a relatively strong market penetration in Zone 5 (21.5%), which further indicates the potential to strengthen the health and fitness offer in Crayford and other centres to help reduce “leakage”.

7.48 In terms of supporting new facilities, there is likely to be demand for new provision across the study area given that the Borough-wide population (based on GLA population projections) is forecast to increase by 21,300 between 2021 and 2038, and by 31,630 between 2021 and 2036. As the table below shows, applying the survey-derived participation rate (28.1%) for visits to gyms and health and fitness clubs by the Borough’s residents, results in some 5,985 potential new gym members up to 2031. Based on average membership levels for gyms of 1,426 per venue<sup>85</sup>, there is potential to support up to 4 gyms in the Borough by 2031. However, as for the other commercial leisure sectors, the take-up of any need will be dependent on market interest and demand from gym operators.

**Table 7.14: Forecast potential capacity for new gyms and health/fitness facilities in Camberley’s CCA**

	2021	2026	2031	2038
<b>BEXLEY BOROUGH AREA (Zones 1-6): POPULATION AND PROJECTED GROWTH</b>				
1 DARTFORD BOROUGH AREA - TOTAL FORECAST POPULATION:	256,800	267,650	278,100	288,430
2 CUMULATIVE POPULATION GROWTH:	-	10,850	21,300	31,630
<b>GYM PARTICIPATION LEVELS - MARKET SHARE (%)</b>				
3 Gym Participation Levels - Borough Average Market Share:	28.1%	28.1%	28.1%	28.1%
<b>FORECAST GYM PARTICIPATION LEVELS - MARKET SHARE OF NEW POPULATION</b>				
4 Gym Participation - Study Area Average Market Share (2 x 3):	-	3,049	5,985	8,888
<b>GYM MEMBERSHIP LEVELS:</b>				
5 UK Average Gym Memberships:		1,426	1,426	1,426
<b>POTENTIAL CAPACITY FOR NEW GYMS IN BEXLEY BOROUGH:</b>				
		<b>Number of Gyms:</b>		
6 Capacity based on Study Area Participation Levels (4 divided by 5):		2	4	6

7.49 Translating demand for new gyms to actual floorspace will depend on the type of gym. For example, smaller boutique and specialist independent gyms generally require smaller units of between 300-700 sqm, and budget operators generally have requirements for unit sizes of up to circa 3,700 sqm<sup>86</sup>. The Council should promote the provision of new gym and fitness facilities within the Borough’s centres to help maintain and enhance their overall diversity and attraction, and/or focussed on transport hubs. The town centre and transport hub locations also represent the most sustainable and accessible locations for the majority of the Borough’s population. Meeting needs over the plan period will also have to take account of the changes in the Borough’s demographic profile and lifestyle trends. For example, facilities, clubs and classes will need to cater for an older population at one end of the age spectrum, and the needs of the Millennials and Generation Z groups at the other end. This may also drive the growth in demand for more specialist, niche

<sup>85</sup> Gym membership levels range from an average of 726 per club for independent venues, up to 2,198 members per club for the national operators. Average membership levels increase to 2,897 per club for the larger fitness chains (such as, for example, David Lloyd, Virgin Active, LA Fitness, etc.) and levels for the budget chains can be even higher at 3,452 members per club.

<sup>86</sup> Anytime fitness is an example of a smaller independent gym, with a floorspace requirement generally ranging from 350sqm to 650 sqm. Budget operators Pure Gym and The Gym have requirements for up to 1,850 sqm; and NRG is acquiring units of up to 3,700sqm

and boutique gym offerings that specifically cater for the needs of different age groups and can sustain smaller membership levels.

## **GAMBLING VENUES**

- 7.50 Gambling represents a significant component of the leisure industry. The main sectors comprise 'games of chance' (namely bingo clubs, casinos, betting shops and amusement arcades). The latest research<sup>87</sup> figures show that the gambling industry in Great Britain generated a Gross Gambling Yield (GGY) for the year end to March 2019 of £14.4bn. This represented a +4.2% growth from the 2017 GGY of £13.8m. Remote (online) gambling accounted for £5.3bn of total GGY, equivalent to a growing market share of 37.1%, and the national lottery accounted for a further £3.1bn. The growth of remote and online gambling, alongside changes in regulations reducing maximum stakes for slot machines, has resulted in the fifth consecutive year of decline in betting premises and a -10% fall in the GGY of casinos to March 2019. The following assesses the main trends in this sector, current provision in the Borough and the potential need/demand for new uses and facilities.
- 7.51 In terms of **Bingo Halls**, in response to falling admissions over a number of years bingo operators are increasingly taking advantage of the online market and embracing smart-phone technology through new 'app' development. This forms part of a wider trend and growth in 'remote/online' gambling, which includes gambling activities through the internet, telephone, radio, etc. Bingo operators are also increasingly looking to diversify their customer profile, and are marketing their clubs at a younger, predominantly female audience. As a result there has been an increase in the number of younger and more affluent bingo players over recent years, particularly as deregulation has enabled clubs to offer bigger (national) prizes. At the opposite end of the scale, research<sup>88</sup> shows that 55-64 age group has generated the biggest growth in online gambling as more mature bingo players switch to online bingo sites, as they grow in confidence with the new technology. These trends have resulted in the closure of many bingo halls in centres across the UK over the last decade.
- 7.52 For **Casinos** the latest figures published by the Gambling Commission show that casinos achieved a GYY of £1.059bn in the year end to March 2019. Although this was 10% down on GGY for 2018, there has been a circa 85% increase over the last decade from £751.1m in 2009. Casino attendances in Great Britain were estimated to be 19.24 million in 2017/18, which was down on attendances in 2014 (20.99m) and 2015 (20.44m). The figures show that London casinos had the highest attendances (5.74m), followed by the North (5m), Midlands and Wales (3.72m), the South (3.18m) and Scotland (1.45m). There were some 154 casinos in 2019 and the number of venues has increased steadily from 143 in 2009. The casino sector is dominated by two companies: the Rank Group with 67 venues has a 44% market share and Genting UK has 44 venues and a 29% market share. There has been some consolidation of the sector in the past few years, such as Rank Group's purchase of Gala Coral Casinos. The nearest major commercial casino to Bexley Borough is Aspers at Westfield Stratford City.
- 7.53 There were some 8,320 **Betting Shops** in the UK in March 2019. William Hill accounts for 27% (2,264) of all premises, Ladbrokes has a 22% share (1,828 premises), Tote's market share is 19% (1,620) following its purchase of Betfred, and Gala Coral Group's share is 18% (1,529). Regulatory changes in 2015 led to a fall in revenue and profit resulting in fall in the number of active premises from 9,111 in 2014. As gambling

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<sup>87</sup> The Gambling Commission – Industry Statistics (November 2019)

<sup>88</sup> Gambling Commission (February 2019). Gambling Participation in 2018: behaviour, awareness and attitudes – Annual Report.

activities continue their shift to online channels, so the demand for physical outlets will inevitably dampen in the future and betting shops will inevitably close. Notwithstanding this, the presence of betting shops in high streets is a contentious issue in any case due to the perceived social and economic impacts on households. The Government has recognised that betting shops have specific impacts and in 2016 reclassified their use from Class A2 to 'Sui Generis'. This reclassification means local authorities have greater planning powers to manage the number of outlets and therefore greater potential to limit impacts.

- 7.54 The survey-derived market shares for visits to bingo halls, casinos and bookmaker facilities in the Borough show that Bexleyheath is by far the most popular destination. Its facilities and venues are achieving a Borough-wide market share of 81%, and it is the only destination for most households who carry out these activities in its "home" zone (i.e. Zone 4). It is also achieving a relatively strong market penetration in the other zones, and particularly in Zones 2 (Erith), 6 (Sidcup) and 3 (Welling). Overall the Borough retains over 85% of "gambling-based" trips, with limited competition from Orpington, Greenwich and London.

**Table 7.15: Bingo halls, casinos and bookmaker facilities in the Study Area**

	Belvedere & Abbey Wood (Zone 1)	Erith (Zone 2)	Welling (Zone 3)	Bexleyheath (Zone 4)	Crayford & Bexley (Zone 5)	Sidcup (Zone 6)	Borough Zones (Zones 1-6)	Study Area (Zones 1-8)
<b>MAIN VENUES IN BEXLEY BOROUGH</b>								
Belvedere	9.9%	4.3%	4.4%	0.0%	0.0%	0.0%	2.7%	2.5%
Bexley	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.5%
Bexleyheath	67.1%	95.7%	77.5%	100.0%	72.6%	83.0%	81.0%	80.5%
Crayford	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Erith	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Sidcup	0.0%	0.0%	4.1%	0.0%	0.0%	5.2%	1.6%	1.5%
<b>LPA Retention Rate</b>	<b>76.9%</b>	<b>100.0%</b>	<b>86.0%</b>	<b>100.0%</b>	<b>72.6%</b>	<b>88.2%</b>	<b>85.3%</b>	<b>85.0%</b>
<b>MAIN VENUES VISITED OUTSIDE BEXLEY BOROUGH</b>								
Orpington Town Centre	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	4.2%	4.0%
Mecca Bingo, Greenwich	0.0%	0.0%	6.2%	0.0%	0.0%	6.1%	3.4%	3.2%
West End / Central London	0.0%	0.0%	4.1%	0.0%	8.7%	5.7%	2.4%	2.2%
Abbey Wood	11.5%	0.0%	0.0%	0.0%	0.0%	0.0%	1.3%	1.2%
Thamesmead	11.5%	0.0%	0.0%	0.0%	0.0%	0.0%	1.3%	1.2%
<b>Other:</b>	<b>0.0%</b>	<b>0.0%</b>	<b>3.8%</b>	<b>0.0%</b>	<b>9.3%</b>	<b>0.0%</b>	<b>1.4%</b>	<b>2.4%</b>
<b>Online</b>	<b>0.0%</b>	<b>0.0%</b>	<b>0.0%</b>	<b>0.0%</b>	<b>9.3%</b>	<b>0.0%</b>	<b>0.7%</b>	<b>0.7%</b>
<b>TOTAL</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>

Source: HTIS 2018

- 7.55 Based on the evidence, there is no demonstrable need to enhance existing provision to improve competition and choice at the local level, although this will largely be driven by market interest and demand from bingo and casino operators. Given that current trends for bingos and casinos show activity moving online instead of physical venues, future demand for new venues is expected to be very limited. If demand does arise in the future, we advise that this should be directed to the town centres first in accordance with national and local plan policy.

## **OTHER COMMERCIAL LEISURE**

- 7.56 Other commercial leisure facilities can be grouped together under 'family entertainment venues' (FEVs), which include paid activities that appeal to adults and children (such as, for example, tenpin bowling, roller skating, ice skating, and similar uses).
- 7.57 **Tenpin bowling** is possibly the most popular activity in the 'family entertainment' sector. After a period of decline in the 1970s, there are now 316 venues in the UK according to Mintel figures. The UK tenpin bowling

market was valued at £285m in 2017. This represented a +9.7% year-on-year growth, and represented the fifth consecutive year of growth. A number of the successful bowling facilities opened over the last 15-20 years (e.g. Hollywood Bowl and Ten Entertainment)<sup>89</sup> tend to form part of larger leisure complexes that include multi-screen cinemas, restaurants and nightclubs. The critical mass of leisure uses “*under one roof*” help to underpin the viability of tenpin bowling centres, as they tend to struggle as standalone destinations. The sector is evolving from old-style bowling alleys, to modern, multi-generational entertainment centres where bowling is blended with other forms of activity alongside an enhanced dining offer, along with smaller independent specialist bowling facilities (such as, for example, All Star Lanes and Bloomsbury Bowl)<sup>90</sup>. In Bexley Borough, the tenpin bowling complex in Bexleyheath town centre (Albion Road) is the main offer and is achieving a 70% market share across the wider Catchment Area and almost 79% within the Borough (see table). The only other facility of any significance is the Orpington Palace Superbowl in Orpington, although it has limited market penetration in the Borough. It is estimated that the 316 venues in the UK represent approximately one venue for every 250,000 people, which compares with approximately three per 250,000 in the USA. This shows that there could be scope for additional capacity in the UK in the right locations. For the Borough, which has forecast population of 288,000 by 2038, the current provision appears to be adequate. Where market demand does arise, this should be directed to the Borough’s main town centres first.

7.58 Over recent years there has also been growth in other more specialist commercial leisure attractions, such as **trampoline parks**. Since the opening of the first indoor parks in the UK in 2014, trampolining has become one of the UK’s fastest growing sport and leisure trends. It is estimated that there were some 150 parks in the UK in 2017/18, with the potential capacity for between 250-300 parks before saturation is potentially reached. This mirrors the growth in the United States and Australia, where parks first emerged in the early to mid-2000s. The main operators in this sector include Oxygen Freejumping<sup>91</sup>, Ryze<sup>92</sup>, and Gravity Active Entertainment<sup>93</sup>. The public sector is also investing in trampoline parks, including Eastbourne Borough Council, Waltham Forest Council and Tameside Metropolitan Borough Council. At Tameside, for example, the new *Total Adrenaline* trampoline park, which opened in November 2016, forms an important part of a £20m investment project that aims to get people more physically active. Research shows that, on average, over one-third of “*jumpers*” are aged between 6-10 years and over one-quarter are aged between 11-15 years. These younger age groups require a parental guardian or authorised person for entry and, as a result, the trampoline venues are attracting wider families and groups, who are generating ‘spin-off’ expenditure to other uses and facilities both within and outside the venues. In response to the broad range of “*jumpers*”, not just the young, trampoline parks are increasingly offering a range of activities and experiences that cater

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<sup>89</sup> Hollywood Bowl was founded in August 2010 and is the market leader in the tenpin bowling sector. It operates 59 venues under the Hollywood Bowl, AMF and Bowlplex brands. Its expansion has been driven by opening new sites, including recently in Dagenham and Yeovil. Ten Entertainment operates 44 venues and its growth strategy is focussed more on acquisitions of distressed assets than opening new venues, and then modernising the facilities to drive growth and value.

<sup>90</sup> All Star Lanes operates five bowling venues, including four are in London (Brick Lane, Holborn, Stratford City and White City) and is largely targeted at the corporate/private hire market. Bloomsbury Bowl also operates from smaller venues with sites in Bloomsbury (8 lanes) and Bristol (5 lanes).

<sup>91</sup> Oxygen Freejumping has parks in Acton (West London), the O2 in Greenwich, Croydon, Derby and Southampton. It also acquired Air Space in 2017, a subsidiary of the high wire adventure company Go Ape. However pre-pandemic Oxygen closed parks in East Kilbride (June 2018) and Wolverhampton park (December 2018) due to reported “trading difficulties”.

<sup>92</sup> Ryze is a Scotland-based operator with three parks in Edinburgh, Glasgow and Dundee. These parks range in size from 929 sqm (10,000 sqft) to 1,208sqm (13,000 sqft).

<sup>93</sup> Gravity Active Entertainment is a Castleford-based operator with 11 parks, mainly as part of existing shopping or adventure centres. Its venues include the Xscape in Castleford and Milton Keynes, Bluewater Shopping Centre and Riverside Entertainment Centre (Norwich).

to the needs of a broader demographic, including dodge-ball tournaments, rock-climbing, ninja courses, laser tag and other social events.

- 7.59 The table below summarises the findings of the survey-derived market shares for trips to FEVs in the Borough Area. The results show that Bexleyheath is achieving a market share of 78.7% in the Borough, which reflects its provision compared with the Bexley’s other centres. Overall the Borough is achieving a healthy retention level of 83.2% for these types of leisure activities, with relatively limited leakage to competing venues elsewhere.

**Table 7.16: Family Entertainment Venues – Market Shares**

	Belvedere & Abbey Wood (Zone 1)	Erith (Zone 2)	Welling (Zone 3)	Bexleyheath (Zone 4)	Crayford & Bexley (Zone 5)	Sidcup (Zone 6)	Borough Zones (Zones 1-6)	Study Area (Zones 1-8)
<b>MAIN VENUES IN BEXLEY BOROUGH</b>								
Bexley	20.6%	0.0%	0.0%	0.0%	5.0%	0.0%	2.7%	2.7%
Bexleyheath	66.5%	76.9%	90.8%	70.4%	90.6%	70.9%	78.7%	70.3%
Crayford	0.0%	0.0%	0.8%	1.0%	1.4%	0.0%	0.6%	0.5%
Erith	0.0%	0.0%	0.0%	6.8%	0.0%	0.0%	1.3%	1.0%
<b>LPA Retention Rate</b>	<b>87.0%</b>	<b>76.9%</b>	<b>91.6%</b>	<b>78.2%</b>	<b>97.0%</b>	<b>70.9%</b>	<b>83.2%</b>	<b>74.5%</b>
<b>MAIN VENUES VISITED OUTSIDE BEXLEY BOROUGH</b>								
Orpington Palace Superbowl, Orpington	0.0%	0.0%	1.8%	0.0%	0.0%	0.0%	0.4%	7.2%
West End / Central London	3.4%	10.4%	0.8%	4.6%	0.0%	12.2%	5.4%	6.9%
Bluewater, Greenhithe	0.0%	4.2%	3.2%	10.4%	0.0%	1.8%	3.8%	3.2%
Hollywood Bowl,, Rochester	3.4%	3.3%	0.0%	6.8%	1.5%	0.0%	2.5%	2.1%
Centre Parcs, Elveden Forest, Brandon	0.0%	0.0%	1.0%	0.0%	0.0%	13.4%	2.1%	1.7%
<b>Other:</b>	<b>6.2%</b>	<b>5.2%</b>	<b>1.7%</b>	<b>0.0%</b>	<b>1.5%</b>	<b>1.8%</b>	<b>2.6%</b>	<b>4.3%</b>
<b>TOTAL</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>

## THEATRE AND CULTURAL ACTIVITIES

- 7.60 Cultural activities include a broad range of activities that are focused on the arts and historic attractions. This assessment is concerned with the provision and potential need for theatres and museums in the Borough.
- 7.61 For trips to the **theatre and/or music venues** the majority of respondents to the household survey living in Bexley visit venues outside of the Borough; principally in Central London (59.5%) and The Orchard Theatre in Dartford (28.5%). The Erith Playhouse located on the High Street is attracting a small proportion of visitors from the Borough (2.7%), and these are mainly in Zones 1 (5.9%), 2 (3.6%) and 4 (5.7%).
- 7.62 Only 2.1% of respondents in Bexley visit the Borough’s **historic and cultural attractions**. The majority of respondents to the household survey indicated that they mainly visit attractions in the West End / Central London (91.8% from the Borough Area), or Greenwich (4.2% from the Borough Area).

**Table 7.17: Theatre and Music Venues – Market Shares**

Venues	Belvedere & Abbey Wood (Zone 1)	Erith (Zone 2)	Welling (Zone 3)	Bexleyheath (Zone 4)	Crayford & Bexley (Zone 5)	Sidcup (Zone 6)	Borough Zones (Zones 1-6)	Study Area (Zones 1-8)
<b>MAIN VENUES IN BEXLEY BOROUGH</b>								
Belvedere	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Bexley Village	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Bexleyheath	0.0%	0.9%	0.7%	0.0%	2.0%	0.0%	0.5%	0.6%
Crayford	0.0%	0.6%	0.0%	0.0%	2.0%	0.0%	0.4%	0.3%
Erith	5.9%	3.6%	0.7%	5.7%	1.0%	0.6%	2.7%	2.2%
Sidcup	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Welling	0.0%	0.0%	2.1%	0.0%	0.0%	0.0%	0.4%	0.3%
<b>LPA Retention</b>	<b>5.9%</b>	<b>5.2%</b>	<b>3.4%</b>	<b>5.7%</b>	<b>4.9%</b>	<b>0.6%</b>	<b>4.0%</b>	<b>3.4%</b>
<b>MAIN VENUES VISITED OUTSIDE BEXLEY BOROUGH</b>								
West End / Central London	56.4%	50.3%	50.2%	68.9%	55.1%	73.0%	59.5%	61.1%
Dartford	28.4%	33.4%	34.8%	18.6%	37.9%	21.0%	28.5%	26.1%
Greenwich	7.6%	8.2%	9.9%	0.0%	1.1%	1.4%	4.9%	4.0%
Bromley	0.0%	0.0%	0.0%	0.8%	0.0%	2.6%	0.7%	3.6%
Gravesend Town Centre	0.0%	2.2%	0.0%	5.9%	0.0%	0.0%	1.3%	1.0%
<b>Other:</b>	<b>1.6%</b>	<b>0.6%</b>	<b>1.8%</b>	<b>0.0%</b>	<b>1.1%</b>	<b>1.4%</b>	<b>1.1%</b>	<b>0.8%</b>
<b>TOTAL</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>

**Table 7.18: Historical and Cultural Venues in the Study Area**

Venues	Belvedere & Abbey Wood (Zone 1)	Erith (Zone 2)	Welling (Zone 3)	Bexleyheath (Zone 4)	Crayford & Bexley (Zone 5)	Sidcup (Zone 6)	Borough Zones (Zones 1-6)	Study Area (Zones 1-8)
<b>MAIN VENUES IN BEXLEY BOROUGH</b>								
Belvedere	1.5%	0.0%	0.0%	0.0%	0.0%	0.2%	0.2%	0.2%
Bexley Village	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Bexleyheath	0.0%	0.9%	0.0%	0.0%	1.1%	0.3%	0.3%	0.2%
Crayford	0.0%	1.4%	0.0%	0.0%	1.1%	0.4%	0.4%	0.3%
Erith	0.0%	0.8%	0.0%	0.0%	0.0%	0.2%	0.2%	0.1%
Sidcup	0.0%	0.0%	0.0%	0.0%	0.0%	0.7%	0.7%	0.6%
Welling	1.8%	0.0%	0.0%	0.0%	0.0%	0.3%	0.3%	0.2%
<b>LPA Retention</b>	<b>3.3%</b>	<b>3.1%</b>	<b>0.0%</b>	<b>0.0%</b>	<b>2.2%</b>	<b>2.1%</b>	<b>2.1%</b>	<b>1.6%</b>
<b>MAIN VENUES VISITED OUTSIDE BEXLEY BOROUGH</b>								
West End / Central London	89.0%	86.8%	97.9%	98.9%	93.1%	91.8%	91.8%	92.1%
Greenwich	5.1%	7.6%	1.1%	1.1%	1.3%	4.2%	4.2%	3.7%
Dartford	0.0%	0.0%	0.0%	0.0%	1.1%	0.1%	0.1%	0.6%
Abroad	2.5%	0.0%	0.0%	0.0%	0.0%	0.6%	0.6%	0.5%
Eltham	0.0%	0.0%	0.0%	0.0%	1.1%	0.3%	0.3%	0.3%
<b>Other:</b>	<b>0.0%</b>	<b>2.6%</b>	<b>1.0%</b>	<b>0.0%</b>	<b>1.1%</b>	<b>0.8%</b>	<b>0.8%</b>	<b>1.2%</b>
<b>TOTAL</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>

## HOTEL PROVISION

- 7.63 In terms of the Borough’s hotel provision, the evidence shows that there was limited choice in 2018, with the main provision focussed on Bexleyheath and Sidcup. As the table below shows, these hotels mainly comprise budget chain operators (including Premier Inn, Marriot, Travelodge and Holiday Inn). There were two guesthouses recorded in the Borough in 2018; namely the Crook Log Guest House in Bexleyheath and Ruxley Rooms in Sidcup. The relatively recent opening of the Premier Inn on Station Road by Sidcup Station suggests that Borough is attractive to hotel investors, particularly at locations close to transport hubs.
- 7.64 There are no hotels located within the other Borough’s main centres, which could indicate the potential for new hotel provision subject to market testing and understanding operator requirements. In Erith, for example,

there may be scope for a hotel as part of emerging regeneration plans to improve the town centre's offer and attraction. The same applies to the Bexley Riverside and Abbey Wood/Thamesmead Opportunity Areas.

**Table 7.19: Hotel Provision in the Borough Area**

Centre	Hotel	Price per night
Bexleyheath	Premier Inn	£54
	Bexleyheath Marriott Hotel	£73
	Crook Log Guest House	N/A
Bexley	Holiday Inn	£72
Sidcup	Travelodge	£34
	Premier Inn*	£54
	Ruxley Rooms	£61

Notes: \*Premier Inn Sidcup is located outside of Sidcup Town Centre

7.65 As part of the need to diversify the offer in the Borough's main centres, and build greater resilience into their daytime and evening economies, we also advise that the Council should proactively market and promote the Borough, its centres and main attractions to help draw year-round visits from day-trippers, "weekenders" and tourists. In this way, there may be potential opportunities for future growth in accommodation sector. We therefore recommend that the Council undertake a more detail hotel needs assessment of the current supply of hotel rooms, occupancy rates and revenue generated (RevPAR) to get a better understanding of current performance and the potential for growth

## LEISURE NEEDS – VIEWS AND PERCEPTIONS OF BEXLEY'S RESIDENTS

7.66 To further help inform the assessment of leisure needs in Bexley, we have also drawn on the responses to the Household Survey (question 45), which specifically asked respondents what improvements to the Borough's leisure provision/venues would make them take part and/or visit more often than they currently do. The main responses are set out in the table below for the Borough Area (Zones 1-6) and wider Catchment Area (Zones 1-8).

**Table 7.20: Improvement suggestions**

	Borough Area (Zones 1-6)	Study Area (Zones 1-8)
Nothing	52.1%	59.4%
More for children / teenagers	9.1%	9.6%
Cheaper prices	5.3%	4.8%
An ice rink	4.5%	4.5%
More local sports/recreation facilities	3.7%	4.0%
Don't know	3.1%	3.9%
A new multi-screen cinema	2.7%	3.0%
A swimming pool	1.7%	2.7%

7.67 Overall, respondents appear generally satisfied with the Borough's current leisure provision. The main improvements identified included more activities/venues for children (7.0% in the Borough Area), cheaper



prices (5.3%), an ice rink (4.5%) and more local sports/recreation facilities generally (3.7%). A small proportion (2.7%) also identified the need for a second multi-screen cinema in the Borough.

## SUMMARY

- 7.68 This section has shown that the commercial leisure industry faces considerable challenges and pressures. It is clear that consumers are becoming increasingly selective in terms of where and how they spend their discretionary leisure spending. There will also be a continued increase in at-home activities due to the advances in computers, tablets, television, gaming, and audio technology. The challenge for town centres and leisure operators in the future will be how to attract customers away from their homes.
- 7.69 Our review of the Borough's commercial leisure sector and offer, and the results of the household survey, indicate that there is an adequate level of leisure facilities. Leisure activities and venues that are achieving a limited market share across the Borough and in its main centres include theatres, music venues, cultural and historic attractions. This reflects the limited provision and choice of leisure facilities. The eating and drinking facilities retain a good amount of respondents within the Borough, with some leakage to competing locations.
- 7.70 In terms of **cinema provision**, there is a good participation rate across the Borough area of 58.9%. However, there is currently only one cinema in the Borough – the Cineworld, Bexleyheath. The development of a 3-screen cinema in Sidcup will meet capacity for new screens in the short to medium term to the south of the Borough. Longer term capacity, up to 2038, could support a second 3-screen cinema, subject to operator interest and demand. Future capacity should be directed to the Borough's town centres first. We consider that either Erith or Welling would benefit from a new cinema and associated food and beverage uses to help sustain and grow their daytime and evening economies.
- 7.71 Based on the forecast residual expenditure available to support new **food and beverage** outlets in the Borough, there is potential for approximately 30 new businesses in the Borough by 2031, increasing to almost 50 by 2038. However the take-up of any forecast capacity will ultimately be dependent on market demand. Any capacity and demand should be directed to the Borough's town centres first to help strengthen their daytime, evening and night-time economies.
- 7.72 The projected growth in the Borough population by 21,300 between 2021 and 2031 could potentially sustain 4 new **gyms** and/or **health and fitness facilities** subject to market interest and demand. This is forecast to increase to 6 new facilities over the lifetime of the plan.
- 7.73 Additionally, in terms of addressing future needs, the Borough's centres could benefit from a wider range of family-based activities, to help strengthen their overall attraction and offer. However, the potential for new family-based activities and venues will be subject to market demand from operators, and should be directed to town centres first.

## 8 KEY FINDINGS & RECOMMENDATIONS

- 8.1 This final section provides high-level advice and recommendations to help Bexley Council effectively plan and manage the vitality and viability of its main centres (i.e. Bexleyheath, Crayford, Erith, Sidcup and Welling) over the lifetime of the plan; but focussing on the next five to ten year period (up to 2031) in accordance with the advice set out in the *National Planning Policy Framework* (NPPF) and the *Planning Practice Guidance* (PPG). The NPPF states that planning policies and decisions should support the role that town centres play “...at the heart of local communities” and should promote the long term vitality and viability of centres, “...by allowing them to grow and diversify in a way that can respond to rapid changes in the retail and leisure industries, allows a suitable mix of uses (including housing) and reflects their distinctive characters” (paragraph 85a).
- 8.2 Our advice is based on assessments of the quantitative and qualitative need for new retail (comparison and convenience goods) floorspace and commercial leisure uses over the forecast period. These assessments have been informed by a comprehensive review and update of the dynamic economic and market trends that are impacting on the retail and leisure sectors. This includes the impact of the COVID-19 pandemic since March 2020, which has effectively accelerated many of the long-term trends and structural changes that are placing significant pressures on the current and future performance and health of our towns and high streets.
- 8.3 This assessment draws on a robust evidence base and is informed by primary research conducted specifically for this study. This new research included: (i) a telephone interview survey of some 1,000 households across the Borough and a wider catchment; and (ii) in-centre (face-to-face) interviews in Bexleyheath, Erith and Crayford. It also draws on the findings of health check assessments carried out for the main centres in 2018<sup>94</sup>. These health checks are based on a series of Key Performance Indicators (KPIs) that help identify the vitality and viability of centres, their SWOTs, and their relative role and function in the Borough’s network and hierarchy of centres.
- 8.4 This study also takes account of the series of reforms to the planning system issued by the Government over the last 12 months. These include: updates and changes to Permitted Development Rights (PDR)<sup>95</sup>; the reform of the Use Classes Order (UCO)<sup>96</sup>; the consultation White Paper ‘*Planning for the Future*’ published in August 2020; and the 2021 *Planning Reform Bill*.
- 8.5 The reforms to the UCO (which came into effect from 1<sup>st</sup> September 2020) revoked a number of use classes under the previous UCO and replaced them within much broader use classes. For example, Class E subsumes use classes that were specified in the previous UCO as Class A1(Shops), Class A2 (Financial and professional services), Class A3 (Restaurants and cafes) and Class B1(Business). Class F.1 and F.2 subsume a number of the previous use classes which were specified in the Schedule to the Use Classes Order as Class D1 (Non-residential institutions) and Class D2 (Assembly and leisure). In launching the reforms the Government announced that the regulations will give “...greater freedom for buildings and land in our town centres to change use without planning permission and create new homes from the regeneration

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<sup>94</sup> These health checks will be updated by the Council within the next 6-12 months, to allow for a more robust assessment of the impacts of the pandemic on the Borough’s towns and businesses, and on shopping and leisure patterns.

<sup>95</sup> The Town and Country Planning (General Permitted Development) (England) (Amendment) (No. 2) Order 2020/755; & The Town and Country Planning (General Permitted Development) (England) (Amendment) (No. 3) Order 2020/756

<sup>96</sup> The Town and Country Planning (Use Classes) (Amendment) (England) Regulations 2020/757 was laid before Parliament on 21<sup>st</sup> July 2020 and amended the Town and Country Planning (Use Classes) Order 1987.

of vacant and redundant buildings”<sup>97</sup>. The changes are relevant to this study and to the Council’s planning for and management of retail and commercial leisure uses, specifically those that fall within the new Use Class E.

8.6 It is against this background, including the on-going impacts of the pandemic, that we provide the Council with our robust recommendations to help inform plan-making and decision-making over the next 5-10 years, and over the lifetime of the plan up to 2038. Our advice covers:

- whether there is a need (‘capacity’) for new retail (convenience and comparison goods) floorspace and other main leisure uses, principally over the next five to ten years to 2031.
- whether there is a requirement to allocate a range of suitable sites to meet the scale and type of any forecast need identified, looking at least ten years ahead (NPPF, paragraph 85d).
- whether the current definition of the network and hierarchy of centres should be changed to reflect existing and future shopping and leisure trends, planned investment and regeneration strategies, and future housing growth.
- whether there is a need to update and change the definition of town centre boundaries and Primary Shopping Areas in light of the key findings and evidence, and recent planning reforms.
- whether a locally set impact assessment threshold is needed to inform the assessment and determination of applications for new retail and leisure developments proposed outside of town centres (NPPF, paragraph 89).

## **FUTURE TRENDS AND NEEDS**

### **Retail Needs**

8.7 This assessment has been prepared in the context of the many issues and challenges facing the UK’s retail sector and high streets. These challenges have been driven by a combination of economic pressures, technological change (which has driven the growth in online activity and sales) and shifts in consumer behaviour. This has resulted in a significant year-on-year rise in business failures, with the resultant closure of stores and the significant loss of jobs. The pandemic has further accelerated and compounded these trends.

8.8 Over the last 12 months, for example, ASOS (the UK online fashion retailer) acquired the Arcadia stock, brands and websites (including for Topshop, Topman and Miss Selfridge), but not the “bricks-and-mortar” stores. The on-line retailer BooHoo also acquired the Burtons, Dorothy Perkins and Wallis brands, along with the Debenhams website and brands. The loss of the Arcadia-owned stores and Debenhams, along with failure of other major brands over recent years (including British Home Stores, House of Fraser and Mothercare), has placed significant downward pressure on retail values, at a time when retailers and landlords are facing rising costs and debts. In turn this has led to a number of poorly performing shopping centres and owners (e.g. Intu Properties) being forced into administration and a rise in vacancies (see Section 3). Research indicates that Britain is over-shopped; meaning there is too much retail floorspace in our towns

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<sup>97</sup> <https://www.gov.uk/government/news/pm-build-build-build>

and shopping centres. In turn, these trends are all impacting on the capacity and market demand for new retail floorspace.

- 8.9 Bexley’s town centres are not immune from these national and regional trends.
- 8.10 It is against this background that Section 6 sets out the forecast capacity for new retail (convenience and comparison) floorspace in Bexley Borough for the ten-year period up to 2031, and over the lifetime of the plan (up to 2038). The capacity forecasts are based on the preferred GLA population projections, and informed by the latest forecasts published by Experian Business Strategies<sup>98</sup>. Experian’s forecasts take account of the potential impacts of the pandemic on retail expenditure levels over the short, medium and long term, and the growing market share of non-store retail sales (specifically online purchases).

**Table 8.1: Bexley Borough-wide Retail Floorspace Capacity Forecasts (sqm net) – GLA Based Projections**

	2021	2026	2031	2038
<b>CONVENIENCE GOODS CAPACITY:</b>	0	-1,296	-34	1,075
<b>COMPARISON GOODS CAPACITY</b>	-211	-4,373	-3,069	-1,084

- 8.11 The headline figures show **no** capacity for new **convenience or comparison** retail floorspace over the ten-year forecast period to 2031.
- 8.12 For **comparison goods** there is **no** forecast capacity for new floorspace over the lifetime of the plan to 2038.
- 8.13 There is limited forecast capacity for 1,075 sqm net of new convenience goods floorspace up to 2038. This could theoretically support 2-3 smaller format convenience stores, or a supermarket/ discount store (such as, for example, Aldi, Lidl, Co-op, etc.).

## Leisure Needs

- 8.14 Section 7 sets out the high level assessment of the potential need for new leisure uses and facilities up to 2031, and over the lifetime of the plan. Even under normal circumstance it is difficult to predict the need for new leisure uses, as the sector is very diverse and highly influenced by market, lifestyle and consumer trends. Predictions as to likely future need, even over the short term (i.e. the next 2 years), have been further complicated by the impact of the pandemic on leisure expenditure trends and growth, consumer preferences and business viability.
- 8.15 Notwithstanding these caveats, commercial leisure uses are a critical part of the overall offer and attraction of centres. They make a significant contribution to their overall diversity, vitality and viability, and to their daytime, evening and night-time economies<sup>99</sup>. In London, for example, the pre-pandemic night-time economy accounted for an estimated 725,000 jobs<sup>100</sup>. The findings of the market research surveys and health check assessments have confirmed the importance of leisure uses and venues to the overall mix and attraction of the Borough’s main centres. As part of their future adaptation and growth, it is therefore

<sup>98</sup> Experian Business Strategies (October 2020) *Retail Planner Briefing Note 18*.

<sup>99</sup> The “evening” economy generally relates to all leisure activities that are open until around 11pm. The “night-time” economy is generally defined as businesses and activities with late night licences that are open beyond 11pm, particularly at the weekend.

<sup>100</sup> Research report by London First – ‘London’s 24 Hour Economy’. <https://www.londonfirst.co.uk/sites/default/files/documents/2018-05/Londons-24-hour-economy.pdf>

important that the local planning authority maintains and promotes diverse and flexible leisure uses, venues and events in the Borough's main centres over the plan period.

8.16 Against this background the headlines from the leisure needs assessment show:

- No capacity for new **cinema** screens up to 2031. This takes account of the existing 9-screen Cineworld in Bexleyheath, and the new 3-screen cinema on Sidcup High Street that is scheduled to open in 2022. There could be capacity for up to 3 cinema screens by 2031 (assuming an increase in the Borough's retention level from 59% to 75%). However, this is a highly theoretical capacity scenario, as any requirement for new cinemas will be mainly driven by operator demand.
- Eating out in **cafés and restaurants** is the most popular activity in the Borough for over three-quarters (76.2%) of respondents to the household survey. Spending on Food and Beverage (F&B) also accounts for a significant proportion (57%) of total available leisure expenditure in the Borough, and is forecast by Experian to experience the strongest growth up to 2031. The high level forecasts show potential expenditure growth could potentially support 30 F&B outlets by 2031.
- **Health and fitness facilities** (principally gyms) are currently achieving a 28.1% participation rate across the Borough. The population growth up to 2031 (based on the GLA projections) could sustain circa 4 additional gyms. This increases to 6 over the lifetime of the plan.
- With regard to other commercial leisure uses, there is currently no identified need for **gambling venues** (e.g. bingo halls and casinos), **tenpin bowling**, **trampoline parks**, or other facilities. The existing tenpin bowling venue in Bexleyheath currently meets consumer demand in the Borough. Where demand does arise from operators for representation in the Borough, this should be directed to town centres first.
- There is an apparent gap in the provision of **theatres** and **music venues**, and **historic** and **cultural** attractions in the Borough's main centres. The survey results show a significant leakage of trips to attractions and venues in London, as well as to neighbouring areas (including, for example, The Orchard Theatre in Dartford).
- There could be potential for new **hotels** in the Borough, subject to market demand.

8.17 The provision of new uses and activities should be focussed in the Borough's main centres, to help strengthen their overall vitality and viability. More detailed viability and market demand testing may be needed to ensure that new provision meets the needs of all the Borough's residents.

### **Accommodating Retail and Leisure Needs**

8.18 The NPPF (paragraph 85d) states that planning policies should *"...allocate a range of suitable sites in town centres to meet the scale and type of development likely to be needed, looking at least ten years ahead"*.

8.19 Aligned with the NPPF, the PPG<sup>101</sup> identifies that town centre strategies should establish the potential for *"...development or the redevelopment of under-utilised space"* to accommodate the scale of assessed need, and the more effective and efficient use of land (for example, the scope to group particular uses such as retail, restaurant and leisure activities into hubs, or for converting airspace above shops). In turn, this will help to establish the need for centre *"expansion"*, *"consolidation"* and/or *"restructuring"*.

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<sup>101</sup> Planning Practice Guidance (PPG). Paragraph 004, Reference ID:2b-004-20190722.

- 8.20 In this context, the retail capacity assessment has identified **no** forecast need for new retail floorspace over the ten-year period, up to 2031. In the absence of need it follows that there is **no** requirement to identify and allocate sites for new retail floorspace in the Borough's main centres.
- 8.21 Furthermore, the capacity forecasts do **not** take account of current (or future) **vacant retail floorspace** in the main centres and shopping locations. Some of this vacant space (particularly in prime shopping streets) will be available and suitable for re-occupation, re-purposing and/or redevelopment both now and in the future. We therefore advise that the limited forecast capacity for 1,075 sqm net of new convenience goods floorspace over the lifetime of the plan (by 2038) could either be taken up by vacant floorspace, or by the mixed-use development of vacant sites/buildings (i.e. ground floor commercial uses, with residential above). We also advise that any potential need for new cafés, restaurants, bars, gyms, cinemas and hotels over the plan period should be directed to the Borough's main town centres, and should also be accommodated in vacant/repurposed/redeveloped space and buildings.
- 8.22 In summary, we do not consider that there is a requirement for the local planning authority to identify and allocate sites to specifically accommodate new leisure uses or retail floorspace. The potential to redevelop and repurpose vacant premises and sites will, in our judgement, meet any potential need or market demand. However, the local authority should monitor the impacts of the pandemic and wider trends on the retail and leisure sectors (and the capacity forecasts), and on the Borough's towns and high streets on a regular basis.

### **HOUSING GROWTH AREAS (HGAs)**

- 8.23 The Bexley Growth Strategy (BGS) proposes significant new residential development across the Borough. Growth is mainly focussed in three Housing Growth Areas (HGAs) at Lower Belvedere, Wilton Road/Abbey Wood, and Slade Green. Any projected population and expenditure growth for these areas will help to support the vitality and viability of existing centres, shops and business in these locations and the wider Borough, as well as providing the potential for new and expanded retail, leisure and town centre uses as part of sustainable communities.
- 8.24 Based on the higher population projections identified by the Bexley Growth Strategy (BGS) towards the end of the lifetime of the plan (i.e. 2031 – 2038), we have carried out a very high level assessment of the indicative capacity for the three HGAs to sustain new retail (convenience and comparison) floorspace based on: (i) the forecast growth in retail expenditure, specifically focussing on the period 2031-2038; and (ii) the likely retention of expenditure to sustain existing centres and stores in or close to the HGAs, or to potentially support new retail floorspace.
- 8.25 The table below summarises the indicative high-level retail capacity forecasts for each HGA (see Section 6).

**Table 8.2: Housing Growth Areas – Indicative Retail Capacity at 2038 (sqm net)**

	2021	2026	2031	2038
<b>WILTON ROAD / ABBEY WOOD</b>				
Convenience Goods:	0	604	1,178	1,464
Comparison Goods:	0	443	790	983
<b>TOTAL RETAIL FLOORSPACE CAPACITY (sqm net):</b>	<b>0</b>	<b>1,046</b>	<b>1,968</b>	<b>2,447</b>
<b>LOWER BELVEDERE</b>				
Convenience Goods:	0	232	618	1,979
Comparison Goods:	0	87	345	1,416
<b>TOTAL RETAIL FLOORSPACE CAPACITY (sqm net):</b>	<b>0</b>	<b>319</b>	<b>963</b>	<b>3,395</b>
<b>SLADE GREEN</b>				
Convenience Goods:	0	0	210	731
Comparison Goods:	0	33	275	719
<b>TOTAL RETAIL FLOORSPACE CAPACITY (sqm net):</b>	<b>0</b>	<b>33</b>	<b>485</b>	<b>1,449</b>
<b>GROWTH AREAS - INDICATIVE RETAIL CAPACITY FORECASTS (sqm net):</b>	<b>0</b>	<b>1,398</b>	<b>3,416</b>	<b>7,291</b>

Sources: Appendix A10. Based on BGS population projections.

8.26 The forecasts show that the three HGAs could potentially support approximately 7,291sqm of retail (convenience and comparison) floorspace (4,174sqm of convenience and 3,117sqm of comparison retail). We review the forecast capacity for each HGA below, including recommendations (where possible at this early stage of planning and development) on how and where this need can be met over the lifetime of the plan. We also review the potential promotion of Lower Belvedere and Wilton Road Neighbourhood Centre in the Borough's town centre hierarchy.

### **Abbey Wood/ Wilton Road Neighbourhood Centre**

8.27 The existing Wilton Road Neighbourhood Centre benefits from its proximity to the Abbey Wood Station. As the first station on the Elizabeth Line (west-bound) the centre is set to benefit from an increase in footfall and expenditure from 2022. However, the Neighbourhood Centre is physically separated from the housing allocations proposed to the north of the station and railway line, and therefore the potential for a significant uplift in the retention of retail expenditure could be more limited.

8.28 In this context it is forecast that HGA could support approximately 1,464 sqm net of new convenience floorspace by 2038 and 983 sqm of comparison retail. This forecast capacity could sustain a supermarket or another discount food store (e.g. Aldi) dependent on market demand, or a number of smaller format 'local' convenience stores (e.g. butcher, baker, greengrocer, delicatessen, etc.).

8.29 The increased commuter traffic predicted for when the Elizabeth Line, alongside the potential significant growth in the resident (catchment) population, confirms that there is potential to support and extend the retail, leisure and service facilities around the station, and specifically focussed on Wilton Road Neighbourhood Centre.

8.30 Aligned with this, we understand that there are a number of potential opportunity sites to the north and south of the station that could accommodate a mix of uses, including ground floor commercial space. These include: (i) a site at 500 Abbey Road, to the south of the station (within 200 metres), which comprises vacant land and an open air car wash; and (ii) the larger Felixstowe Road car park site to the immediate north of the station (which is currently being used as a compound for the Crossrail work) offers the potential for site redevelopment and intensification at a key gateway to provide a mix of uses, including the potential for retail

and town centre uses at ground and flyover level, with residential above. Over the lifetime of the plan we consider that there will be further opportunities for the regeneration of the buildings on Wilton Road and elsewhere to provide new and replacement commercial and residential floorspace, which will further strengthen the centre's overall offer.

8.31 In summary, the forecasts show increasing capacity for new retail floorspace at Wilton Road/Abbey Wood over the plan period, fuelled by the increase in demand arising from the opening of the Elizabeth Line and the new residential development in the wider HGA. Opportunity sites have also been identified that could sustain the forecast new retail floorspace and other town centre uses, along with new homes, focussed on the station and Wilton Road. On this basis we agree with the findings of the *Bexley Neighbourhood Centre Review*, namely that the scale and quality of the retail and town centres uses focussed in and around Wilton Road Neighbourhood Centre boundary can be improved and extended. In our judgement the centre should be reclassified as a **Local Centre** in the Borough's town centre hierarchy. Any potential for reclassification and promotion of the centre in the Borough's hierarchy of centres should be communicated with Greenwich Council; as sites in the neighbouring Borough could also potentially accommodate additional retail and town centre uses.

### **Lower Belvedere**

8.32 New residential development is planned by Bexley Council in this HGA, and will be mainly focused on Belvedere station, and its existing shops, stores and facilities (including Asda to the east of Station Road).

8.33 Based on judgements as to potential expenditure retention and inflow, there is forecast capacity for **1,979 sqm net** of new convenience retail floorspace by 2038, and **1,416 sqm net** of new comparison retail.

8.34 In our judgement the forecast need could be met in a number of ways. For example, it could be absorbed in part by the existing Asda store, and by a higher increase in the market share of online food sales than forecast. It could also support a new supermarket or discount foodstore (e.g. Aldi or Lidl), or it could sustain a number of smaller food and convenience stores (such as, for example, a butcher, baker, greengrocer, delicatessen, etc.). Depending on market demand, the provision of a new discount foodstore or a mix of convenience stores in Lower Belvedere would provide increased competition and choice for existing and new residents in the area, as well generating increased footfall to the benefit of other shops, business and facilities.

8.35 There is significant potential for the redevelopment and repurposing of uses on existing sites and buildings immediately adjacent to the station to create an attractive and sustainable centre that will better meet the needs of Lower Belvedere's existing and new community. The opportunities that have been identified include:

- The redevelopment, intensification and/or repurposing of the Asda and B&Q site on Lower Road, which extends to circa 3.3ha, to provide replacement retail, commercial and town centre uses at ground floor, with new residential units above ground.
- The redevelopment of the medium-sized brownfield site (0.63 ha) which fronts Station Road, at the junction with Lower Road (to the west of B&Q and Asda). This site currently accommodates a family health clinic and an electricity substation. It is located on the main route to the station, on a key gateway site and with direct access to the bus network. Although any redevelopment of the site would be expected to re-provide a new health facility, the intensification of the site could accommodate a wider mix of town centre uses at ground floor and residential above.



- The existing shops and business that have frontage on to Station Road and Picardy Street (and including the premises within a wider site area bounded by Dylan Road and Railway Place), also provide an opportunity for redevelopment and intensification and uses. There is potential for commercial and town centre uses at ground floor level, with residential above.

8.36 In summary, we consider that new development and place-making at Lower Belvedere will help to deliver a new high quality centre, characterised by active and pedestrian-friendly streetscapes, and attractive green spaces and public realm. The mix of uses should include replacement/new retail and town centre uses, including leisure, financial and personal services, healthcare, community, education and flexible workspace. Against this background it is our judgement that Lower Belvedere should be promoted in the Borough's hierarchy of centres from a Neighbourhood Centre to a **District Centre** to meet the growth and development opportunities highlighted.

### Slade Green

8.37 Slade Green HGA could experience significant new residential development in the North End ward over the lifetime of the plan. In this case it is our judgement that the retail expenditure growth generated by the new population will mainly be absorbed by the Borough's existing centres (principally Erith) and stores, which will be convenient and easily accessible to the new population, as well as by a potentially higher growth in the market share of online sales than forecast.

8.38 The forecasts show capacity for up to **731 sqm net** of new convenience retail by 2038, and **719 sqm** of comparison retail. The level of forecast convenience floorspace could potentially support a smaller convenience store format (e.g. Tesco Express, Sainsbury's Local, etc.).

8.39 Based on our discussions with the local planning authority, we understand that there are no suitable or available sites in or on the edge of the Slade Green Neighbourhood Centre to accommodate the forecast new floorspace. We therefore advise that this floorspace (i.e. a convenience store and other uses) should be accommodated as part of any new residential development. This would meet the more essential day-to-day food shopping needs of the new population in a sustainable and walkable catchment, with their main (bulk) food and non-food shopping needs satisfied by existing centres and stores, or through online purchases.

### TOWN CENTRE FUTURES

8.40 The NPPF requires that: *"...planning policies and decisions should support the role that town centres play at the heart of communities, by taking a positive approach to their growth, management and adaptation"* (paragraph 85). Both the NPPF and New London Plan also support the need to maintain and enhance the long term vitality and viability of town centres first, as the most appropriate and sustainable locations for new investment and development.

8.41 However, it is apparent that all the Borough's main centres (like other centres in London and across the UK) are facing a myriad of issues and challenges due to the dynamic changes in the retail and leisure sectors. The challenges have been further accelerated and compounded by the impact of the pandemic, and include: the growth of online shopping and home-based leisure activities (from watching movies to eating at home); the increase in retail failures and closures; a dramatic fall in market demand for space; a rise in vacancies and fall in footfall; and limited/no forecast need or market demand for new retail floorspace.

8.42 In the context of the issues and challenges, and the findings of the capacity forecasts, it is clear that all the Borough's centres need to plan for less, not more retail floorspace over the next 5-10 years and beyond. Although retail will remain a key part of their overall offer, vitality and viability - helping to generate trips, footfall and spend – it is critical that the policies and strategies developed for each centre help to promote greater flexibility and diversity, so that they can respond more effectively and rapidly to future trends. This flexibility and diversity will, in turn, help to create more resilient, attractive and successful town centres. It will also help to strengthen their respective roles in the Borough's network and hierarchy of centres as places to live, work, shop, study, play and visit for a wide range of uses and activities.

8.43 Notwithstanding their distinctive roles, characters and offers, the study findings and wider trends point to a number of common themes and actions that apply to all the Borough's centres and extend beyond retail. These include:

- The potential to provide a mix of new **residential development** in and on the edge of centres, which will help to maintain and strengthen their overall vitality and viability. Provision of the right type of homes, in the right locations that cater for the needs of different ages and socio-economic groups will help to generate new trips, footfall and spend for the benefit of existing shops and business, as well as supporting new provision.
- The trend to **home-working** that was a necessity during the pandemic, is predicted to continue. As a result, businesses are adapting their office and workspace needs. This should benefit commuter towns, including the Borough's centres, in a number of important respects. Firstly, more of the Borough's population working from home will meet their essential day-to-day needs close to where they live, which will help to strengthen the vitality and viability of local centres and businesses. Secondly, there will be an increase in demand for more flexible workspace in the Borough's main centres, particularly focussed on transport hubs.
- The need to invest in the quality of **town centre environments** - including frontages, streetscapes, buildings and public realm - to create more attractive, accessible, safe and "greener" (carbon neutral) environments that appeal to all ages and groups. The positive impacts on the environment and on health and well-being of introducing more planting and parks into centres, where space allows, should not be underestimated or undervalued.

8.44 To help plan for greater flexibility and diversity in the Borough's town centres, so that they can grow and flourish over the next 5-10 years, we have necessarily reviewed the Borough's existing network and hierarchy of centres in accordance with the advice set out in the NPPF (paragraph 85a) and PPG<sup>102</sup>. This assessment takes account of the *Town Centre Network* defined by the New London Plan (see Annex 1 and Table A1.1), and is informed by the key evidence and research set out in this study. To further help inform the classification, the table below summarises the relative scale of the retail, leisure and service offer in the main centres (also see Volume 2 study).

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<sup>102</sup> Planning Practice Guidance (PPG). Refer to Paragraph 004, Reference ID:2b-004-20190722.

**Table 8.3: Bexley Borough Centres – Total Outlets and Floorspace (2018)**

Category	OUTLETS		FLOORSPACE	
	No	% of Total	sqm	% of Total
Bexleyheath	311	30.3%	93,107	37.6%
Crayford	128	12.5%	38,397	15.5%
Erith	72	7.0%	27,676	11.2%
Sidcup	240	23.4%	43,490	17.6%
Welling	274	26.7%	44,658	18.1%
<b>TOTAL</b>	<b>1,025</b>	<b>100.0%</b>	<b>247,327</b>	<b>100.0%</b>

Source: Experian Goad Category Reports (2018)

8.45 Based on the study findings, we advise that the Borough’s main centres largely function in line with their current roles in the hierarchy.

- **Bexleyheath** is defined as a Strategic Centre in the Borough’s adopted development plan and a “*Major Centre*” in the New London Plan (Annex 1). The centre stands apart from other centres in the Borough in terms of the scale, range and quality of its town centre offer. Notwithstanding retail trends and the impact of the pandemic, Bexleyheath has the strongest comparison goods shopping offer in the Borough. As a result, it draws on a wider sub-regional catchment that extends beyond the Borough area. Bexleyheath will therefore continue to function as the Borough’s principal shopping and leisure destination. It also has significant employment, service and civic functions that meet the needs of the wider Borough population. On this basis we advise that Bexleyheath should be reclassified in the emerging new local plan as “*Major Centre*”, so that it is aligned with definition in the New London Plan.
- **Crayford, Erith, Sidcup and Welling** provide an important complementary role and offer to Bexleyheath. They are defined as Major District Centres in the adopted development plan, and as “*District Centres*” in the New London Plan. Although these centres have different offers and characteristics, they principally serve the more day-to-day retail, leisure and service needs of their resident catchment populations, as well as drawing shoppers and visitors from wider catchments. As the table shows, the differences in the scale of their respective retail, leisure and service floorspace. All the centres have a least one key anchor foodstore that help to generate footfall and linked trip expenditure to the benefit of other shops, businesses and facilities. On this basis we advise that all four centres should be reclassified as “*District Centres*”, so that they are aligned with the New London Plan.
- **Belvedere (Nuxley Road), Bexley Village, Blackfen and Northumberland Heath** are defined as District Centres in the adopted Local Plan. They predominantly meet the convenience and service needs of their local resident populations, within a walkable catchment. The scale, character and offer of these centres is aligned with the definition of “*Local and Neighbourhood Centres*” in the New London Plan<sup>103</sup>. On this basis we advise that all four centres should be classified as “*Local Centres*”, so that they are aligned with the New London Plan.

8.46 The New London Plan recognises that the town centre network is dynamic, and the role and function of centres will change over time. Within the identified Opportunity Areas, for example, the London Plan states that it may be appropriate to designate new town centres to meet the needs of the local community and to serve areas of deficiency for certain uses. It may also be appropriate to re-classify some existing centres, in

<sup>103</sup> There are defined in the London Plan as typically serving “...a localised catchment often most accessible by walking and cycling and include local parades and small clusters of shops, mostly for convenience goods and other services. They may include a small supermarket (typically up to around 500 sqm), sub-post office, pharmacy, laundrette and other useful local services. Together with District Centres they play a key role in addressing areas deficient in local retail and other services”.

order to respond to shifts in demand for commercial uses, or to reflect significant spatial, environmental and public transport connectivity improvements to existing out-of-centre retail parks. It confirms that changes to the classification of District, Local and Neighbourhood centres can be brought forward in Local Plans, but will need to be supported by “...*robust evidence, particularly looking at the wider impact on the network, informed by regular town centre health checks, and undertaken alongside reviews of town centre boundaries*”.

- 8.47 Table A1.1 (Annex 1) to the London Plan provides an indication of potential future changes to the town centre network over the Plan period, including new potential centres. **Belvedere** (i.e. ‘Lower Belvedere’, focussed on the station) is identified as a potential new District Centre. The London Plan states that such centres may be appropriate for reclassification (as identified by Table A1.1) are “...*subject to strategic and Local Plan policies and conditional on matters such as capacity analysis, impact assessments, land use, public transport, walking and cycling, planning approvals and full implementation*” (paragraph 2.8.4).
- 8.48 Based on the evidence we consider there is potential to classify Lower Belvedere as a new **District Centre** in the Borough’s current network and hierarchy of centres. This District Centre would have Belvedere Station at its heart, and would also benefit from its proximity to the Elizabeth Line service at Abbey Wood, as well as the proposals for a river crossing between Belvedere and Rainham. The study findings show:
- The retail, leisure, service and community uses in the area currently comprise a mix of independent and multiple outlets in a neighbourhood parade to the west of Station Road and along Picardy Street. To the east off Station Road, with access of Lower Road, are the large format Asda and B&Q stores.
  - Asda is achieving a strong market share for main “bulk” food and “top-up” convenience purchases in the Belvedere Zone (i.e. Zone 1) and in Zone 2 (Erith). The location is therefore already established as an attractive and important destination for food shopping in the existing hierarchy.
  - The existing retail, leisure and service floorspace, including Asda, cumulatively adds up to significantly more than 5,000 sqm (the local planning authority has estimated that the total scale of existing provision is over 14,000 sqm). This is aligned with, and satisfies the New London Plan definition of District Centres (i.e. centres that typically contain over 5,000 sqm of retail, leisure and service floorspace).
  - The Bexley Growth Strategy (December 2017) identifies the potential to provide up to 8,000 new homes and 3,500 new jobs in the area (see Section 2).
  - There is significant potential growth to support new high quality retail, leisure and other town centres uses focussed on the station to support the proposed new resident population and workforce in the area. The high level assessment shows capacity for circa 963 sqm net of total retail floorspace by 2031, increasing to 3,395 sqm net by 2038.
  - There is significant potential through place-making to connect the sites and commercial activity to the east and west of Station Road, and (through potential redevelopment and repurposing) to provide a new expanded and high quality District Centre. This includes the potential redevelopment and intensification of the site currently occupied by the neighbourhood parade, and the potential to either redevelop or repurpose the Asda (B&Q) building to anchor the new centre.
- 8.49 Although it is outside the scope of this study to assess the relative role and function of the Borough’s smaller Neighbourhood Centres, we also consider there is potential for **Wilton Road Neighbourhood Centre**, focussed on Abbey Wood station, to be reclassified as a “*Local Centre*” for the reasons set out above.

## TOWN CENTRE BOUNDARIES AND PRIMARY SHOPPING AREAS

- 8.50 The NPPF states that planning policies should “...define the extent of town centres and primary shopping areas, and make clear the range of uses permitted in such locations, as part of a positive strategy for the future of each centre” (paragraph 85b). Annex 2 to the NPPF:
- defines the **Primary Shopping Area (PSA)** as an “...area where retail development is concentrated”;
  - defines **Edge of centre** (for retail purposes) as a location that is “...well connected to, and up to 300 metres from, the primary shopping area” (our emphasis underlined); and
  - for all other main town centre uses edge of centre is a location “...within 300 metres of a town centre boundary” (our emphasis underlined).
- 8.51 The NPPF explains that the **town centre** is an area defined on the local authority’s policies map, and includes the PSA and areas predominantly occupied by main town centre uses<sup>104</sup> within or adjacent to the PSA.
- 8.52 There is no policy requirement under the NPPF to define primary and/or secondary shopping frontages. The PPG does state that local planning authorities may, where appropriate, wish to define frontages “..where their use can be justified in supporting the vitality and viability of particular centres”<sup>105</sup>. However, in this case we consider that the continued definition and application of primary and secondary frontages in policy is now out date and too restrictive. In our view frontage policies can prevent the growth of a mix of non-retail uses and activities that can add significantly to the diversity, vitality and viability of towns and high streets.
- 8.53 Our review of the definition and extent of town centre boundaries for each of the Borough’s main centres necessarily takes account of the impact of recent planning reforms (see Section 2). These include the new Use Classes Order comprising the new Class E (commercial, business and service uses); and the new PDR allowing the conversion of Class E uses to Class C3 (residential). When the new PDR takes effect from August 2021 it will effectively mean that a wide range of shops, restaurants and cafés, banks, estate agents, nail bars, doctors’ surgeries, crèches and gyms will all be able to be change into residential units without the need for planning permission; albeit subject to prior approval and the need to satisfy certain criteria (including the requirement for the unit to be vacant for a continuous period of at least three months prior to the date of the application for prior approval).
- 8.54 In this context, given the scrapping of the previous Class A uses (including shops) and the introduction of a much wider Class E use (which incorporates Class A1-A3, B1, D1(a), D1(b) and D2(e)), it is our judgement that the definition of a PSA (i.e. an area where retail development is concentrated) is no longer necessarily material or applicable to plan-making. This is further underlined by the findings of this study, which show no capacity for new retail floorspace over the plan period, a significant contraction in the demand for retail space, increasing retail business failures and closures, and a likely increase in the proportion of vacant retail (non-food) space.
- 8.55 Notwithstanding these planning reforms and trends, the policies pertaining to plan-making and decision taking for retail, leisure and town centre uses in the NPPF do still refer to the need to define a PSA. The definition of a PSA is key, for example, to the application of both the sequential and impact tests (paragraphs

<sup>104</sup> References to town centres or centres apply to city centres, town centres, district centres and local centres but exclude small parades of shops of purely neighbourhood significance. Unless they are identified as centres in the development plan, existing out-of-centre developments, comprising or including main town centre uses, do not constitute town centres.

<sup>105</sup> PPG. Paragraph: 002. Reference: ID: 2b-002-20190722.

86-90). To cover the fact that the NPPF appears to be “lagging” behind the Government’s series of planning reforms over the last 12 months, we advise the Council to review, redefine and redraw the centre boundaries only. These revised boundaries should also be defined as PSAs, so that they are aligned with the current NPPF.

8.56 Drawing on the evidence and key findings of this study, the following sets out our judgements and advice on the definition of appropriate and robust boundaries for the Borough’s main centres.

- **Bexleyheath** – contract the town centre boundary to the east (removing the homes and buildings to the rear of the Civic offices) and west (but including the tenpin bowling venue in the boundary).
- **Crayford** – extend the boundary to include the Tower Retail Park, which is an important asset to the town’s overall vitality and viability. Contract the boundary area along The Parade (Crayford Way) and Waterside, and exclude the northern section of Crayford High Street (beyond the junction with Bexley Lane), as these areas have limited functional relationship with the rest of the town centre.
- **Erith** – focus the town centre boundary (PSA) on the area bounded by Bexley Road, Queens Road, Queen Street and James Watt Way. This area includes Erith’s main shopping, retail and town centre assets (e.g. Riverside Shopping Centre, Morrisons, library, health centre, etc.). This contracted boundary, focused on the town centre, also includes the Playhouse, Post Office, Cross Keys and White Hart Public Houses, but excludes the other properties on Erith High Street, running north of Bexley Road, the residential areas on Salford Close, and the properties to the south of James Watt Way, as these areas are predominantly residential. We also advise that the railway line and station be excluded from the town centre boundary, as there is no potential for redevelopment or physical integration. We recommend that further consideration of Erith Town Centre’s boundary is progressed through a masterplan for the centre, as this would allow for more detailed assessment and testing of potential development sites, and the opportunities to promote stronger links between the town centre and Riverside
- **Sidcup** – to help create a more compact centre we recommend excluding the areas to the far east and west of the town centre. To the west this includes the area bordered by Main Road to the north and The Crescent, and comprises a mix of properties and car park. To the east, this includes the properties bordered by Rectory Lane and Sidcup Hill, including the residential blocks in this area. We also recommend contracting the extent of the town centre boundary to the north of the town, to exclude the predominantly residential area bordered by Granville Road to the north, Granville Mews to the east, and Station Road to the west (including all the properties behind the main shops with frontage onto the High Street).
- **Welling** – we also recommend excluding areas to the east and west of the town to create a more compact centre. For example, the area to the east of Central Avenue (including the Shell Garage) should be excluded in our judgement. Other pockets of residential uses should also be removed, including the housing association scheme on Woodville Grove.

8.57 We also recommend that a town centre boundary for **Lower Belvedere** be defined to reflect its proposed classification as a new District Centre in the Borough’s network and hierarchy of centres. Integral to this, we advise that a masterplan or development framework be prepared for Lower Belvedere to help identify the options for redevelopment, and the most appropriate scale, mix and location of town centre uses. In advance of this, we recommend that the town centre boundary should include the Station, the Asda store to the east of Station Road, the properties bordered by Station Road, Picardy Street and Dylan Road.

8.58 Finally, **Policy SD9** of the New London Plan states that Boroughs should introduce targeted Article 4 Directions where appropriate and justified to remove PDR (including office/retail to residential) to sustain town centre vitality and viability<sup>106</sup>. As part of the definition of the town centre boundaries, the local planning authority may also wish to consider the potential to apply for Article 4 directions where it considers that the loss of viable town centre shops and businesses to residential use could have a significant and adverse impact on the health, attraction, offer and integrity of these centres over the next 5 years, and beyond.

## **LOCAL FLOORSPACE IMPACT THRESHOLD**

8.59 As described in Section 2, the NPPF requires an impact assessment to be undertaken for “*retail, leisure and office development outside of town centres, which are not in accordance with an up-to-date Local Plan*” (paragraph 89). Local planning authorities should require an impact assessment if the development is over a proportionate, locally set floorspace threshold, but if there is no local threshold, then the NPPF default threshold (2,500 sqm gross) should be applied. To help inform the setting of an appropriate impact threshold we have also referred to the PPG<sup>107</sup>, which states that it will be important to consider the following:

- scale of proposals relative to town centres;
- the existing viability and vitality of town centres;
- cumulative effects of recent developments;
- whether local town centres are vulnerable;
- likely effects of development on any town centre strategy; and
- impact on any other planned investment.

8.60 For Bexley Borough we advise that an impact threshold of **280 sqm gross** would be more appropriate and robust for assessing the impacts of any proposed retail/leisure developments outside of defined centres in accordance with paragraph 89 of the NPPF. The justification and evidence to support this lower impact threshold is set out below:

8.61 As reported in Section 3, the growth in internet shopping is having a significant impact on the way households choose to buy food and non-food goods, which in turn is impacting upon retailer business and operating models. This should be considered alongside the long-term impacts of out-of-centre stores, shopping and leisure facilities on town centres. These impacts are probably best illustrated by the changes in the grocery sector over the last decade. Following a sustained period of growth over almost 20 years up to 2010, principally driven by new larger format superstore openings, the main grocery operators (i.e. Tesco, Sainsbury’s, Asda, Waitrose and Morrisons) have effectively scrapped their superstore expansion programmes to focus on growing their market shares via online sales and opening smaller convenience stores (i.e. Sainsbury’s Local, Tesco Express, Little Waitrose, etc.). Although sizes vary from location-to-location, the main grocers are promoting smaller convenience stores with a minimum gross floorspace of between 280 sqm and 372 sqm (circa 3,000 - 4,000 sqft).

8.62 The 280 sqm gross floorspace figure is also significant, as stores below this threshold are exempt from Sunday trading restrictions. In brief, the Sunday Trading Act defines a ‘large shop’ as generally being over

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<sup>106</sup> When considering office to residential Article 4 Directions in town centres, Boroughs are encouraged to consider guidelines in Annex 1 and Policy E1 Offices of the London Plan, as well as local circumstances

<sup>107</sup> Planning Practice Guidance. Paragraph: 015. Reference ID: 2b-015-20190722

280 sqm. It is the Government's intention through this Act to protect smaller, independent stores which are perceived to be financially weaker and therefore require protection from unfair competition from the major supermarket operators. In general terms therefore it follows that proposals for retail floorspace over 280 sqm gross are unlikely to be a purely local facility and will have the ability to draw trade from outside of their immediate local catchment with potential consequent impacts on existing stores and centres. For example, in circumstances where convenience stores are proposed on the edge or outside of centres, often as part of petrol filling stations or conversions of public houses, they can have a significant adverse impact on the trading performance, vitality and viability of smaller district and local centres nearby. This will particularly be the case where these existing centres are dependent on smaller supermarkets and/or convenience stores to anchor their retail offer, and to generate footfall and linked trips/expenditure to the benefit of other shops, services and facilities. In some cases post office counters can also form an integral part of the convenience store offer and attraction in smaller centres, and their future operation could therefore also be jeopardised by new convenience stores opening outside of centres.

- 8.63 The Government's overarching aim to protect the role, function and integrity of local shops selling essential goods and comprising essential services (e.g. post-office counters) is further demonstrated by the reforms to the UCO and the introduction of the new Class F2, which covers local community uses. Within this category, Class F2(a) specifically pertains to a shop (previously classified as A1) selling mostly "*essential goods*", including food, to visiting members of the public where the shop's premises cover an area of no more than 280 sqm and there is "*no such facility within 1,000 metre radius of the shop's location*". This new use class is intended to ensure that uses which are important to local communities have some protection through the planning system, because the scope to change use without planning permission is more limited.
- 8.64 At the same time, the market demand from operators seeking representation and space in town centres is falling significantly as the space available in centres is often of the wrong size and configuration, and in the wrong location to meet today's retailer requirements. For example, modern multiple retailers selling a range of comparison goods (including, for example, fashion, home store and 'bulky' goods) generally have requirements for larger format modern premises with a minimum size of circa 465 sqm gross (5,000 sqft), and usually 929 sqm (10,000 sqft) and above. This minimum floorspace provides operators with the necessary 'critical mass' of sales needed to display their full range of goods in-store and attract customers from a wider catchment area, particularly where they are co-located alongside similar stores in town centre and out-of-centre locations. These minimum floorspace requirements also fall significantly below the NPPF-default threshold of 2,500 sqm gross.
- 8.65 The health checks for the Borough's main centres summarised in Section 4 (and covered in more detail in Volume 2) have also identified that smaller independent stores and services make a significant and vital contribution to each centre's diverse offer and overall vitality and viability. For example, the table below shows the average size of comparison and convenience units in each centre as identified by Experian Goad data.



**Table 8.4: Average Size of Comparison and Convenience Outlets by Centre (sqm gross)**

	Comparison			Convenience			Convenience (excl foodstores)		
	Total Floorspace (sqm)	Outlets	Average Outlet Size (sqm)	Total Floorspace (sqm)	Outlets	Average Outlet Size (sqm)	Total Floorspace (sqm)	Outlets	Average Outlet Size (sqm)
Bexleyheath	31,113	105	296	11,845	17	697	2,546	14	182
Crayford	12,022	33	364	14,242	12	1,187	3,595	11	327
Erith	9,885	21	471	9,978	9	1,109	2,415	8	302
Sidcup	7,510	46	163	7,190	18	399	3,300	17	194
Welling	10,043	71	141	15,338	24	639	2,908	21	138
<b>Average Outlet Size (sqm gross):</b>			<b>287</b>	<b>806</b>			<b>229</b>		

Source: Experian Goad Category Reports (2017/18).

- 8.66 As the table shows the average size of comparison goods units range from 141 sqm to 471 sqm, with an overall average unit size of 287 sqm. For convenience goods the average unit size is higher at 806 sqm; ranging from 399 sqm in Sidcup, to 1,109 sqm in Erith and 1,187 sqm in Crayford. This is explained by the fact that the convenience offer in all the Borough's main centres is anchored by larger format foodstores (including Sainsbury's in Crayford and Morrisons in Erith. If these anchor foodstores are excluded, then the average unit size for the centres falls to 229 sqm gross. This average unit size will also be typical to the Borough's smaller local and neighbourhood centres.
- 8.67 Turning to the published and known market demand from retailers and leisure operators for representation in the Borough's main centres, it is apparent that the minimum average unit sizes operators are seeking are significantly below the NPPF threshold of 2,500 sqm gross (see Volume 2). For example in Bexleyheath the average unit size requirement was 242 sqm and in Crayford it was 462 sqm gross (which included the published demand from Lidl at the time). For Erith (190 sqm), Sidcup (246 sqm) and Welling (230 sqm) the average unit size requirement was below 205 sqm<sup>108</sup>. Clearly if the demand from these operators was for edge and/or out of centre locations, then it could undermine the future retail offer and investment within the Borough's centres. In turn this could result in a significant adverse impact on their vitality and viability, specifically in terms of reduced market demand, investment and trade.
- 8.68 Turning to the recent permissions for retail and leisure development in the Borough, the majority of schemes coming forward provide flexible retail and leisure uses as part of residential led schemes and exceed the NPPF's default threshold of 2,500 sqm gross. This includes three residential-led mixed use schemes within the Thamesmead and Abbey Wood housing growth area. While it is unknown how much of the flexible commercial uses will be taken up by retail tenants, where they do not form part of a new neighbourhood centre, they have the potential to undermine the retail function of nearby existing centres.
- 8.69 We have identified three schemes that fall under 2,500 sqm gross, which include two town centre residential schemes (in Erith and Belvedere) providing retail uses at ground floor level and flexible commercial floorspace. These and other schemes that may come forward in the Borough's main centres would be vulnerable to competition from any edge and out of centre schemes also seeking similar smaller format units, possibly as part of residential-led mixed use schemes. In simple terms, competing out-of-centre proposals could have a significant adverse impact on investor confidence in, and market demand for the commercial

<sup>108</sup> These figures are based on published requirements from retail and leisure operators in 2018.

retail, leisure and service elements of these mixed-use town centre schemes. It is therefore reasonable in our view for the Council to apply a lower floorspace threshold in this case in order to provide it with greater flexibility to robustly assess the individual ('solus') and cumulative impacts of any smaller commercial floorspace proposed outside of existing centres that could compete 'like-against-like' with the planned and proposed schemes in its main centres.

- 8.70 We have also had regard to the Borough-wide capacity assessment for new retail (convenience and comparison goods) floorspace, focussing on the next five to ten years in accordance with the advice set out in the NPPF and PPG, but also taking the lifetime of the plan into account. In this case the capacity forecasts based on the preferred GLA population projections show no capacity for new retail floorspace over the ten-year period to 2031, or over the lifetime of the plan to 2038 (after allowing for all known commitments, and the potential take-up of any residual expenditure capacity towards the end of the plan period by vacant floorspace in existing centres). Where potential floorspace capacity exists to support new commercial floorspace in the Borough's main Growth Areas, and specifically in Lower Belvedere and Abbey Wood, it is critical that the investment in and delivery of this new floorspace is not harmed by proposals for new floorspace of varying scale and use outside these areas and existing centres.
- 8.71 Finally, the Council's own CIL rate for retail is set at 280 sqm gross. This size threshold recognises that the major supermarket operators operate smaller convenience stores, and are generally seeking units slightly in excess of 280 sqm.
- 8.72 In conclusion, we consider that the above evidence provides robust support and justification for the setting of a lower floorspace threshold of 280 sqm gross. This will provide the Council with greater flexibility to robustly assess the individual ('solus') and cumulative impacts of any smaller commercial floorspace (including convenience stores) proposed outside of existing centres that could compete 'like-against-like' with existing, planned and proposed investment in its main centres. We also advise that this threshold should be applied, where relevant, to change of use applications and applications seeking variations of conditions. It should be noted that whilst the proposed threshold applies to net additional floorspace, where a proposal is for the redevelopment of existing retail floorspace, the threshold should apply to the total floor area proposed (i.e. existing and net additional).
- 8.73 For clarification, the local planning authority will be aware that the locally-set impact threshold does not determine whether an application should be allowed or refused, only whether an application should be subject to an impact assessment. Furthermore, the PPG advocates that the level of information pertaining to the impact test (and the sequential test) provided in support of any application should be proportionate and considered in a locally appropriate way<sup>109</sup>. We therefore advise the Council that they should pro-actively engage with any applicant at an early state in the pre-application process to scope and agree the detail of any assessment and the evidence required in support of an application on a case-by-case basis.

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<sup>109</sup> PPG. Paragraph: 017. Reference ID: 2b-017-20190722

