



WELWYN HATFIELD BOROUGH COUNCIL

RETAIL EVOLUTION
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1.0 INTRODUCTION

- 1.1 Colliers International has been instructed by Welwyn Hatfield Borough Council to review retailer demand for Welwyn Garden City town centre. We are to advise on potential retailers, their requirements and location/configuration issues within the town centre from a commercial perspective.
- 1.2 Welwyn Hatfield Borough Council has already been advised on the capacity for additional retail development in the town centre (Nathaniel Lichfield and Partners Retail Needs Assessment Update 2010) and is now seeking more detailed advice on which retailers would be interested on being represented in the town centre and their likely space requirements in respect of the size and shape of units.
- 1.3 One of the particular objectives of the Council is to ensure that new retail development should add to the town centre's character rather than simply enlarging the retail offer.
- 1.4 This report responds to that brief by undertaking a commercial analysis of the centre. The analysis is set out in four sections (comprising chapters 2-5 inclusive of this report). Chapter 2 looks at the evolution of retailing over the last fifteen years and in particular the impacts of the credit crunch. Section 3 undertakes a detailed assessment of Welwyn Garden City centre whilst chapter 4 identifies the commercial interest in the centre from retailers. Chapter 5 looks at the potential for accommodating additional retail development in the town centre.

2.0 RETAIL EVOLUTION SINCE THE MID 1990'S

- 2.1 From 1996 until mid-2008, growing consumer confidence led to increasing retail expenditure which in turn encouraged retailers to expand, creating strong competition for prime sites and an increase in retail rents. The general confidence in retail markets stemmed from a buoyant national economy which created increasing consumer confidence and affluence. Positive economic indicators included growth in GDP, relatively low inflation and falling unemployment.
- 2.2 Retailers responded to these circumstances, and the related growth of consumer needs, by seeking larger shops able to provide their full range at a competitive price. According to Verdict, high street stores are now 25% larger than they were 10 years ago. Typically these new “mega” shops are located in the larger ‘quality’ retail centres where catchment populations are large, affluent, and where retailers can maximise market share through a more focussed branch network.
- 2.3 Convenience retailers continued to expand through the recession of the early 1990's, and have continued to do so since then, particularly in out of centre, and more recently edge of centre locations. The slow growth in convenience goods expenditure has led to retailers having to fight for market share and economies of scale by increasing their floorspace representation. Changes in national retail planning policy over the period have curtailed opportunities out of centre, and increasingly the major operators are seeking to both extend their existing stores (typically to accommodate new or extended non-food ranges) and introduce smaller store formats either in town or local centre locations.
- 2.4 The last 10 years has also seen a significant increase in the value of online retail expenditure with sales growing by over £15bn. Online sales have risen rapidly to become an integral part of the UK retail market, represented by specialist online retailers and by high street retailers adopting a multi-platform strategy. Whilst not all of the growth in online sales impacts directly on high street expenditure, as some of it is absorbed from growth in overall expenditure, e-tailing is now capturing more of the consumer spend that previously flowed to bricks & mortar retailing, drawing trade away from the UK's high streets.

The Impact of the Credit Crunch

- 2.5 Whilst the actual start of the “credit crunch” can be traced to August 2007, it was 2008 when its impact on the UK and global economy really started to be felt with the collapse of Lehman Brothers and the British Government stepping in to, in effect, nationalise the Bradford & Bingley, RBS, Lloyds TSB and HBOS. As a result of the economic downturn, consumer confidence fell sharply and a string of high profile retailers went into administration. Notwithstanding the cut in VAT, and the Bank of England setting the lowest base rate in its history, confidence in the retail sector remained weak throughout 2009 and 2010, although sales actually held up better than many forecasters predicted. Food store operators and value retailers in particular bucked the general trend and continued to perform well.
- 2.6 During the economic downturn, vacant retail floorspace rose steadily across the country although there are now recent signs that the growth in voids is slowing or has even reversed. Colliers International in-house research has revealed that rising vacancy rates are now being driven entirely by the obsolescence of secondary space, with void floorspace in prime shopping areas falling.
- 2.7 In the out of centre retail market also, vacancies have increased significantly as a result of a series of administrations and a reduction of expenditure on bulky goods. 2010 saw the out of town sector experiencing the lowest level of retail warehouse development ever seen, with only some 46,000 sq m being built. This constriction in supply is however likely to stimulate a greater level of construction activity during 2011, when we expect some 90,000 sq m of new retail warehouse space to be completed.
- 2.8 The food store sector has remained healthy with like for like sales growth being achieved. The big four operators – Tesco, Sainsbury’s, Asda and Morrisons – continue to do well and Waitrose and the Co-op are also seeking to expand market share through the acquisition of new stores. Convenience stores (defined as those with a net sales area capable of trading all day on a Sunday) are a focus of activity as retailers seek new ways of securing extra market share.

Looking Forward

- 2.9 On 21 June 2011, Colliers International published its Midsummer Retail Report looking at the prospects for retailing over the next 12 months.

- 2.10 From a national economic viewpoint, the sustainability of the UK economic recovery remains questionable although the feared “double-dip” recession does not appear to have occurred yet. However there is growing concern that pan European economic issues, coupled with the reduction of the public sector in the UK, could yet undermine the fragile economic recovery. Consumer confidence as a consequence remains very low and the outlook for housing spending remains weak, particularly as real annual disposable household income fell in 2010 for the first time in 30 years, and there are as yet no signs of a reversal of fortune.
- 2.11 It is surprising that this reduction in real disposable income has not had a greater impact on the retail sector. However very low interest rates, better than expected employment figures and house price stability have helped support retail sales through the recession although retailers continue to experience tight margins and difficult trading conditions.

Impact on Town Centre Retailing

- 2.12 The last decade has seen increasing structural changes to the UK’s retail landscape leading to the polarisation of comparison retail facilities in fewer, larger centres. Outside of central London, regional malls and cities are strengthening their position as the most desirable retailing destinations in the country. At the other end of the scale, many sub-regional centres (particularly in the northwest and West Midlands) and depressed seaside towns have experienced significant impact on their viability from loss of trade to e-tailing, out of centre destinations, and larger more attractive centres. In the middle there are many shopping centres which continue to trade efficiently but which could be impacted by these factors in the future.
- 2.13 Notwithstanding the economic climate, there remains an appetite from investors for prime retail stock, however there is a widening gap between the prime and secondary markets as weaker assets in poor locations, let to struggling retailers on short leases are not attractive to investors.
- 2.14 Thus there is currently a shortage of prime investment product, which has led investors to look at smaller assets which are traditionally less attractive to the institutions, or to look at good secondary locations such as edge of prime pitch in well performing towns.
- 2.15 Since last year, rental growth for prime retail town centre property has increased by an average of about 1% per annum. We expect flat or marginal

growth over the next 12 months, however when retail price inflation is taken into account, prime retail rents in real terms are falling. The average prime retail rent in Great Britain now stands at £111 per sq ft zone A, which is lower than the peak of £128 per sq ft recorded in 2008 and a return to rental levels last seen in 2003.

- 2.16 Colliers International monitors rental levels in 415 town centres. Over the last year, 13% experienced a rise in prime rental levels over the last year but 25% experienced falling rents. Rental levels in the majority of locations (about 62%) were static.
- 2.17 The out of centre comparison goods market can be distinguished between bulky goods and non-bulky goods. The bulky goods are particularly susceptible to economic circumstances as a drop in consumer confidence is mirrored by a fall in big ticket purchases. The DIY sector, another bulky trader, accounts for approximately one third of out of town retail warehouse provision but the floorspace released by the recent fall of Focus DIY into administration is likely to absorb demand in this sector for some time.
- 2.18 The majority of out of town retail warehouse supply is being added to by the availability of existing stock rather than new development. There is however limited bulky goods demand in a generally depressed sector but greater demand from retailers of “high street” goods for the right sized store in the right location. The economic situation has also created a sub-market for the “pound retailers” with competition between operators pushing rents forward in this sector, but at the same time creating a dilemma for landlords keen to retain a good tenant mix.
- 2.19 Turning to the convenience market, it is anticipated that pressure for growth will remain across the sector. The big four remain acquisitive as the UK population continues to grow and retailers compete for market share. The expansion of bricks & mortar outlets will also be driven by the aspiration of retailers to increase their non-food sales in order to tap into new markets. It is anticipated Waitrose will also continue to grow and the Co-op and M&S will both be hungry for space. Whilst all food retailers are likely to improve their internet delivery packages, the other key driver is the provision of ‘convenience stores’ with both Tesco and Sainsbury’s having an established network, and Asda having recently acquired Netto. Morrisons have also indicated their intention to roll out a convenience store portfolio and it has been suggested they are considering bidding for Iceland. Iceland however claims to be “fighting fit”. Malcolm Walker commenting in Retail Week 24 June 2011 reported record results at Iceland,

improved like-for-like sales over the last six years and no debt. On this basis, whether this acquisition proceeds will be a commercial decision, it does not appear there will be any forced sale.

3.0 WELWYN GARDEN CITY

3.1 Welwyn Garden City is located in a strategic location to the north of London. Communications are very good with the A1 providing access to London and the North whilst the M25 is less than 10 miles to the south. The town is surrounded by a number of major, regional and metropolitan towns and centres including Watford, Hertford, St Alban's, Luton, Stevenage, Bishops Stortford, Harlow, Waltham Abbey and Cambridge. While the town is well located, the competition from larger retail centres has always dominated the location especially with Luton, Watford and Harlow, all of which have shopping centres within the top 100 in the UK and easily accessed from the motorway network, dominating the more local offer within Welwyn Garden City. The development of the Gallerias Outlet Centre above the A1 has always affected the shopping offer within the town but in our opinion, to a much lesser extent than the competing shopping centres and the retail parks on offer in the surrounding centres.

The Existing Town Centre

3.2 When the Garden City was initially envisaged by Sir Ebenezer Howard in 1919, it was intended that all the residents would shop in one shop and Welwyn Stores was created, a monopoly which caused some local resentment. It was not until 1984, that the Welwyn Stores was acquired by the John Lewis Partnership.

3.3 The town centre was designed almost 100 years ago and whilst it is a fine asset, it also causes a certain amount of its problems. It is set in a number of blocks with various sized retail and office properties with central servicing areas. All retail accommodation is street facing which creates a number of different zones which function in different ways. Howardsgate acts as a 50m barrier between the units on the north and south sides, effectively separating the accommodation within the Church Road, Parkway, Howardsgate and Fretherne Road block from the remainder of the town centre. Whilst this block functions well within the overall offer, it will always be viewed as secondary and almost as a service function to the Sainsbury's supermarket. The green vista, whilst contributing towards the character of the town centre, does little towards assisting the growth and quality of the retail offer.

- 3.4 The design of both shopping centres and town centres has changed quite considerably in 90 years. Not all commentators agree on how town centres work, which is good for town centres, but there is an accepted pattern which tends to work which encourages movement through the centres either in loops, extended loops (figure of eight) or elongated loops (dumbbell), all of which present the visitor with the opportunity to visit a high number of retailers and to return to the starting position without having to deviate from a logical route. Welwyn Garden City, whilst having some very strong anchors in Sainsbury's, John Lewis and Marks & Spencer within the Howard Centre, does not have the strength between these very large units to generate the movement required for a healthy centre. The distances are too long and there are too many barriers and secondary routes between the anchors. There are some quite considerable distances of non-active frontage which detracts from promoting good retail accommodation.
- 3.5 The existing blocks of properties do not assist the retailers as their dimensions do not supply what modern operators require. Whilst modern centres are designed to allow both subdivision and addition of units which satisfy the width and depth requirements, the majority of units within the town centre are not deep enough which creates very wide and shallow retail units. These units can become quite expensive as the valuation methodology weights the front 7m of the unit. The floors to ceiling heights are also lower than we would expect in modern units. Sainsbury's has shown what is possible through their redevelopment where the accommodation has been increased in size and where the quality of the property and its environment has been improved whilst retaining the design principles of the Garden City.
- 3.6 The upper levels of some of the properties also cause some concern. The amount of vacant or underperforming office accommodation is increasing, for a number of reasons, including the general decrease in demand for such accommodation in the present economic conditions, but also as the choice of accommodation increases, small independent companies will relocate to more appropriate locations with a better specification and environment for a similar occupational cost. The properties do not provide the specification required by modern tenants and their technology. We would suggest a flexible approach is taken to the future use of the upper floors including encouraging residential occupation where the property is suitable. The accommodation within the town centre has a variety of one, two or three upper floors and we have had regard to the external appearance and scale of the town centre when making our development recommendations within Section 5.

Competing Shopping Centres

- 3.7 Whilst not within the town centre, The Galleria Outlet Centre is the closest competing centre. Located above the A1(M), this outlet centre is ranked at No 7 in the UK accounting for £180 million spend per annum, which is approximately half of the spend at the No. 1 centre at Bicester Village.
- 3.8 Luton, Watford and Harlow provide over 195,000 m² of shopping centre accommodation in close proximity and with easy access for Welwyn residents. These centres are ranked 39th, 41st and 54th in terms of size within the UK although only Watford appears within the top 50 for visitor spend (£500 million per annum) with Luton and Stevenage accounting for £300 million per annum. Enfield, Harlow, St Albans and Hemel each contribute further £250 million per annum.
- 3.9 Further afield, but again with good communications for Welwyn Garden City residents, Brent Cross (£540 million) and Milton Keynes (£1,010 million) dominate the M1 corridor between London and the West Midlands and would be the first choice for many residents for a major shopping trip.
- 3.10 **The Howard Centre** is relatively small and at 21,368 m² falls well outside of the top 100 and as such, would not be seen as a major draw for residents outside of the immediate catchment area. It has however always been popular with both visitors and retailers for its size with a good range of retail brands and services, but due to the physical constraints of the existing property, has very little growth potential to compete with other centres and should not try to do so in isolation.
- 3.11 Enhancing the future viability and popularity of the retail offer within Welwyn Garden City should try to concentrate on the range and quality of the retail offer and accommodation whilst trying to increase the dwell time by ensuring that a good mix of leisure and most importantly food and beverage (F&B) units are available to the town's population.

Shopping Centre Accommodation per 1,000 Population

- 3.12 The Howard Centre was developed in 1990 and provides approximately 21,368 m² of accommodation on 2 levels with some 725 car parking spaces serving a population of approximately 48,000 (2010). The gross leasable area (GLA) per

1,000 inhabitants stands at 445 m² which is significantly higher than the national average of 260 m² and the initial conclusion would be that Welwyn Garden City is over supplied with shopping centre accommodation. These statistics however never supply an accurate figure due to the cross fertilisation of population and competing shopping centres but also that these statistics only provide information regarding shopping centres, and ignore convenience, retail parks and street facing accommodation. The statistics also ignore the quality and size of the accommodation on offer which we will deal with within this report. However, they do provide an indication of where the future supply should be directed.

The Existing Town Centre

- 3.13 Our experience and observation of the retail offer within Welwyn Garden City indicates that a good range of unit sizes and quality of the accommodation exist within the town centre with both Marks & Spencer (Howard Centre) and John Lewis (stand-alone) occupying large stores in excess of 6,967 m². However whilst these two stores would be classed as anchors to both the Howard Centre and town centre, there are very few other existing opportunities for new major retailers to enter the market. The Debenhams is under sized and apart from the Sainsbury's development on Church Road, no retail stock exists to promote a healthy relocation movement. The Howard Centre balances the M&S with three good sized units occupied by Next, WH Smith and Boots, but without the opportunity for these retailers to grow elsewhere, a relatively stagnant situation exists where retailers remain where they are, not because they don't want to grow, but because the town does not have the accommodation to promote this movement.
- 3.14 There are numerous street facing 'standard' sized retail units available within the town centre which are occupied by a healthy range of national and local retailers and we see this position continuing with a good number of vacant units attracting new entrants into the town centre. The Howard Centre has also always been well occupied, but has no spare capacity (one vacant unit at the time of our last inspection, although five units on the market) to be able to offer existing retailers to expand. This is compounded by the town centre not having any suitable accommodation for those retailers wishing to expand their businesses, and an alternative is therefore required to encourage growth and also to entice new retailers into the town centre.

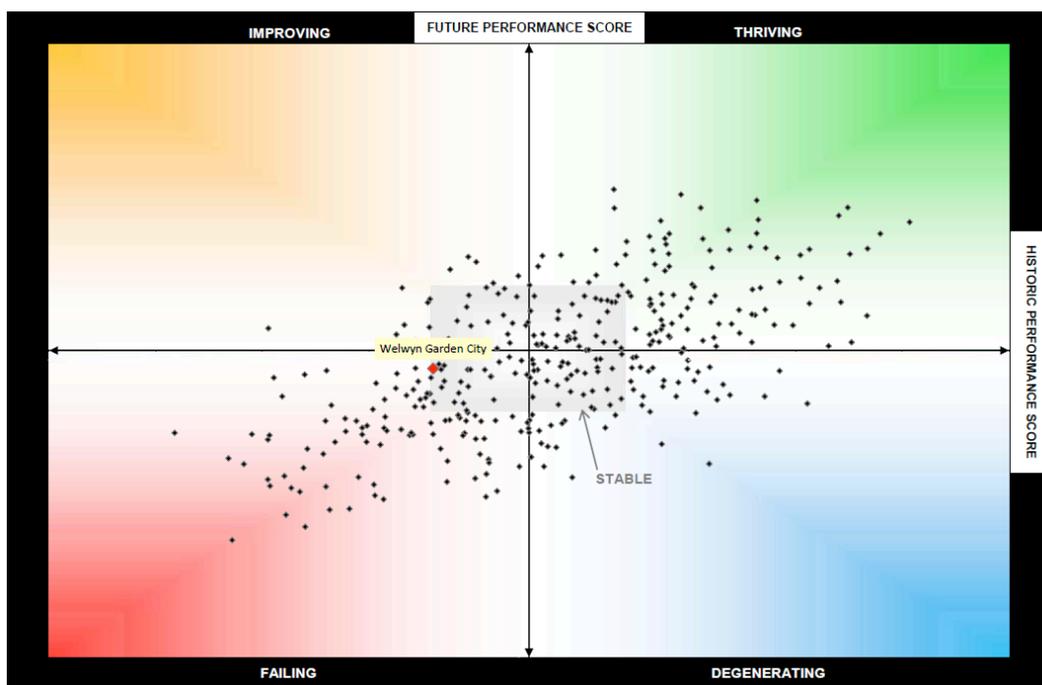
- 3.15 Retail growth is very dynamic and moves at a pace far quicker than the planning and development industry can react to. This explains the continuing conflict throughout the UK of retailers' requirements and the medium and long term supply of new retail accommodation.
- 3.16 Colliers International have developed a Town Performance Matrix which is a bespoke bench marking analysis comparing historical town performance with future performance. The exercise was undertaken for 364 town and city shopping centres across Great Britain.
- 3.17 Using our in-house data sets together with a range of independent data from external providers, "historic" and "future" performance scores have been calculated for each location. The assessment looks at the retail environment within the town/city (which accounts for 75% of the outcome) and also a number of population and employment factors (accounting for 25% of outcome). Bonus points (both positive and negative) are also worked into the analysis to cater for factors which didn't affect all locations but which were deemed to have a major impact where they were relevant to a particular location. Bonus points cover issues such as whether the town attracts tourist expenditure or will be impacted by an open Class A1 fashion park in the period up to 2015. Centres are categorised into one of five separate performance categories as outlined in the table below.

CATEGORY	HISTORICAL PERFORMANCE	FUTURE PERFORMANCE	DESCRIPTION
THRIVING	Positive Score	Positive Score	These locations show strong historical performance and strong forecast future performance.
IMPROVING	Negative Score	Positive Score	Historically weak, but forecasts indicate improved prospects and strong future performance in these locations.
STABLE	Low (positive/negative) scores for both Historical and Future Performance		These towns/cities are neither improving nor degenerating
DEGENERATING	Positive Score	Negative Score	Historically these locations have shown strong performance, but forecasts indicate declining prospects and weak future performance.
FAILING	Negative Score	Negative Score	These locations show poor historical performance and future performance is also forecast to be weak.

- 3.18 The results are plotted into a matrix of 364 towns and cities to be placed into one of these categories. The overall headline results for the position as at June 2011 are summarised in the table below.

Category	Number of Towns/Cities	%
Thriving	94	25.8
Improving	11	3.0
Stable	137	37.6
Degenerating	40	11.0
Failing	82	22.5
TOTAL	364	100

3.19 For Welwyn Garden City, the matrix results show it falling within the stable category, but situated in the lower part of this element. The matrix diagram below shows the position of Welwyn Garden City.



Local Planning Policy

3.20 The Local Plan identifies three town centre development sites as follows:

- i) **Policy TCR4 – Town Centre North** – this site lies on a key location in the town centre between the John Lewis department store – the Debenhams department store and the Howard Centre. It comprises

three distinct elements constituting the central island to the roundabout, Anniversary Gardens and the John Lewis short stay car park. The policy identifies the whole of this area as being suitable for a major retail development scheme, in particular for the sale of comparison goods.

- ii) **Policy TCR5 – Campus East** – this site lies to the north of Bridge Road and comprises the existing Waitrose store with its associated decked car park; the decked car park serving your Council offices; and the surface level long stay car park to the north of that. The relatively undeveloped northern end of the site is peripheral to the main town centre and separated from it by significant intervening uses. The policy identifies its suitability for a mixed use development comprising retail, office and residential, with the retail element being for convenience goods floorspace to address a qualitative shortfall in the town centre. Your Council advises that this qualitative shortfall has been met through the extension of the Waitrose superstore which was seen as one of the solutions, as opposed to a wholesaler redevelopment of the existing food store. In effect therefore the retail development aspirations for this site in policy terms have been met; however there remains an extensive area of relatively low utilised land which could be developed.

- iii) **Policy TCR6 – Land at the Southern Side of the Town Centre** – this site lies on the southern side of the town centre and largely constitutes the former Sainsbury’s supermarket with some adjacent shop units and associated car park. The site benefits from an extant planning permission for a larger Sainsbury’s superstore which is currently under construction.

Retail Capacity

- 3.21 In November 2010, Nathaniel Lichfield & Partners issued their “Retail Needs Assessment Update”, which rolls forward their 2007 retail Study to 2026. It reviewed the capacity for both comparison and convenience goods and concluded, with respect to Welwyn Garden City Town Centre, that there is considerable capacity for further comparison goods floorspace, particularly towards the end of the period, but no need for additional convenience goods floorspace until beyond 2026. The table below summarises their findings.

Welwyn Garden City retail Capacity – Floor Space Sq M Net

GOODS TYPE	2013	2016	2021	2026
Convenience Goods	- 2,406	- 2,255	- 1,932	- 1,571
Comparison Goods	2,624	3,281	11,056	20,318

4.0 COMMERCIAL EVALUATION

Retail Supply & Demand

- 4.1 We have undertaken telephone and face to face meeting research with a number of retailers who are present within the town centre and a few who are not presently represented, but who have had a long standing requirement. The problem with trying to assess specific future demand is that the retailers will have a very good understanding of the accommodation that is available within the individual centres and also be aware of the new accommodation coming on stream. If, in their opinion, there is nothing within the town centre that suits their future aspirations, their demand will be focused elsewhere to ensure that their growth can be satisfied. When we asked questions regarding their present trading and future aspirations, their answers are always provided with knowledge of the existing centre and the accommodation is likely to come on stream. This tends to produce slightly more negative answers than we would expect to find in a faster flowing market.
- 4.2 Most retailers would answer the question differently if offered accommodation within a new development as the characteristics of supply and demand offer them the opportunity to move their pitch, or to upsize (or downsize) their business. The process is similar for those retailers who are not represented within the town centre, but who have aspiration to enter the market. They may be monitoring the situation, but with very little vacancy, they cannot see a way to enter the market with the exception of corporate acquisition.
- 4.3 All markets require a certain amount of movement to keep a healthy momentum of change and opportunity to exist. Welwyn Garden City falls into the category of a centre which has become stagnant, not because of inactivity, but perversely due to the popularity of the location. The size restrictions of the existing units, plus the nature of the Garden City itself, result in the fact that new development is required to bump start the viability of the town centre. The action of new development causes reaction elsewhere in the centre which creates opportunity and opens the market to new retailers, whilst changing the perception of the town. Unfortunately this relocation dynamic has not been operating within Welwyn Garden City over the last few years.

- 4.4 Certain economic factors need to exist to promote movement, and the global recession over the last few years has meant that survival, rather than growth has been commonplace.
- 4.5 Most retailers have survived rather than flourished over the last few years. Research by PricewaterhouseCoopers found that over 4,500 high street stores closed in the first five months of 2011. Whilst Scotland was worst affected, very few centres escaped this continuing downturn. It seems that only the supermarket, convenience and F&B sector has managed to find any growth. The expansion of the Sainsbury's in the town centre, which re-opened on 16th November, and the continued interest by Tesco are good examples of this trend.
- 4.6 Retail representation within town centres has further been reduced with over 410 retail insolvencies in the third quarter of 2011, up 12% on the same period in 2010, and bringing the total for the year to 1,703, up 6% from the previous year. However the rate is slowing with a 7% fall quarter on quarter. It is not all bad news as the appetite for retail companies remains strong. The recent demise of TJ Hughes has generated over 30 interested parties, looking to acquire the company and its portfolio of 57 stores. Habitat, Jane Norman, grocer Haldanes, Moben Kitchens and Dolphin Bathrooms all collapsed after being unable to pay the quarterly rental charges in June. Chocolate retailer Thorntons, in their 100th year remain in financial difficulties.
- 4.7 The confidence of the UK population in terms of the economy moving forward has a direct relationship on the success or otherwise of the retailers on the High Street. Whilst interest rates remain low, VAT has increased to 20% from 17.5% and the first six months of 2011 has seen conflicting results in terms of UK expenditure on the High Street. The good weather and Royal wedding in March and April produced significantly better results than were expected. May and June were not so good which exemplifies the role that confidence has to play, and why medium to long terms trends are better indicators than short term results as not only the economy, but also the calendar plays its part. Although Christmas always falls on the same dates, the Easter weekend moves from year to year and comparison of individual weeks performance from one year to the next must always be qualified by such external factors.
- 4.8 There will always be retailers who buck the trend and recent trading figures from the John Lewis Partnership (JLP) have been significantly better than their competitors, with sales for the 12th week (2011/2012) up by 8.7% from 2010

and 20% from the same period in 2009. However the Welwyn store didn't fare as well with sales down by 7.0% year on year.

- 4.9 The British Retail Consortium (BRC) reported that UK retail sales values were 0.3% higher on a like-for-like basis from September 2010 when sales had risen 0.5%. On a total basis, sales were up 2.5%, against a 2.2% increase in September 2010. Experian reported that footfall in September was up from the previous month but still down by some 2.4% from 2010. As always in the retail sector there are winners and losers, but as we enter the Christmas trading period, the most important of the year, it is clear that numbers are down and a large rise is required to get back to last year's figures.
- 4.10 Internet based retailing increased by over 20% year on year, which goes some way to explaining where the people have gone, but internet trading is still relatively small compared to the high street, although the reduction in the number of stores that some multiple retailers now trade from goes some way to balance this equation.
- 4.11 We are of the opinion that there will be further retailing losses during the 2011 Christmas period and it may not be until the end of 2013 before retailers once again have the confidence to start growing their businesses and expanding into new accommodation being provided by the UK development industry. However, there are very few new retail developments under construction in the UK at the moment as most were either put on hold or shelved altogether in 2008 and 2009.
- 4.12 Those retailers who are performing well have little opportunity to expand into the new prime units, shopping centres or retail parks. The days of retailers developing their own stores, with the exception of the supermarkets, are long gone and they rely upon the real estate industry to supply new accommodation. 2011 will see the lowest pipeline of new retail accommodation for over 20 years with only 23.22 million m² and 2012 is even worse with an estimate of only 4.6 million m², the lowest figure since the early 1970's. Indeed if it wasn't for Westfield's new scheme at Stratford to coincide with the Olympics in 2012, the figures would be even worse. This reduced pipeline impacts upon the whole retail industry as without a pipeline they have no way to expand or to relocate to improve their pitch. It is no surprise that the units which have fallen vacant over the last few years have been on the whole in secondary or worse positions on the high street and within the shopping centres.

4.13 However signs are beginning to emerge indicating that a number of the major schemes within the UK seem to be coming back on stream, for a number of reasons, including an acceptance that the demand from retailers has once again returned to a level providing the developers and financial partners with the confidence that they require to start spending the huge sums of capital which are required during the design and planning stages. An understanding of this long lead in period and the financial strength required to undertake such projects lead us to predict an increase in the pipeline during late 2013 and 2014. Both Capital Shopping Centres (CSC) and Westfield have announced plans to restart major shopping centre projects in Nottingham and Bradford and Hammerson were granted consent for their 102,000 m² £600 million Eastgate Quarters scheme in Leeds. We are expecting further announcements in the final quarter of 2011 regarding a number of schemes that were put on hold in 2008 and 2009.

Availability of Finance

4.14 Developing new retail accommodation, whether it's a shopping centre or retail park or a small town centre scheme of course, not only depends on the aspiration of the developer, but also the ability of the financial markets to supply the equity and debt required to undertake the acquisition and construction of the new project. Whilst the aspiration and confidence of the market as a whole has increased dramatically over the last 12 months, the banks are still failing to provide the debt required by these organisations to undertake the construction of the new accommodation. The development market however is nothing if not resilient, and new forms of funding are emerging which will allow some of these projects to move ahead.

4.15 Indeed new avenues of equity are also emerging and some of the overseas sovereign and wealth funds are providing much larger percentages of equity than the UK has witnessed over the last 20 years. This comes at a higher cost and whilst the profitability is less, the development and construction companies are re-emerging as development managers rather than developers and taking a fixed fee in exchange for a percentage of the profits to deliver the centres, parks and High Street accommodation. Money of course is still relatively cheap with the UK Government holding interest rates at 0.5% yet again (even though the European Central Bank raised their rates to 1.50% to try to keep inflation under control) and this has created a confidence within the market that the cost of both equity and debt is cheaper than it has been for many years. However the continuing financial and economic problems in Europe and the increase of

CPI in the UK in October to 5.2% remind us that the fiscal platform has a way to go before confidence and growth can be relied upon.

Viability & Developer Demand

4.16 Nothing has come to the market over the last few years to encourage developers to look at Welwyn Garden City as a development opportunity, especially within the designated town centre. Property development requires a suitable balance of supply and demand, both in terms of available land and buildings, to develop or redevelop but also from potential occupiers. It is quite difficult to determine the actual demand (see below - retailer requirements) when there is nothing available for retailers to occupy. The fiscal dynamics of property development remain difficult, with the banks seeing development as too high a risk to entertain at the present time. This however opens the market for new types of developers and we are of the opinion that the traditional funds may well start to re-enter the development market as they have substantial amounts of finance, and where the traditional investment vehicles are not providing the returns that they require to sustain the demands of the various policies including insurance and pensions. Where suitable sites can be found, the rents and yields within the town centre provide sufficient capital value to enable viable developments to take place. This of course depends upon the product that is being acquired in the first place and whether this is a clear site or whether an existing building requires substantial reformatting, regeneration or indeed redevelopment.

4.17 Construction costs remain at relatively low levels although we are of the opinion that that will change at the end of 2011/beginning of 2012 when inflationary pressures, together with an increased volume of construction, will inevitably result in a rise, not only in the raw materials, but the human cost of construction also. Nevertheless, we remain of the opinion that the relationship between the rental and capital values which are created by retail property and the construction costs which are required to create the units, are such that viability should not be an issue for developers wishing to enter this market, so long as the cost and availability of capital remains at present levels.

Rental Levels

4.18 Colliers International rental information for Welwyn Garden City reveals that rental levels have declined on the peak achieved in 2008 by almost 20% (some £20), but have held steady year on year between 2010 and 2011.

Rent (£ / psf)	1987	2004	2005	2007	2008	2009	2010	2011
Welwyn Garden City	40	100	105	105	110	110	90	90

Note : These rental values relate to a hypothetical shops unit of optimum size and configuration in the prime pitch. The figures have been arrived at by adopting zone sizes standard for the location and are expressed in £ per sq ft per annum. The figures represent our opinion of the “net effective rent” which is the rent that would be agreed between the parties for a letting of the premises on the relevant terms and conditions, but without incentives forming part of the transaction.

Retailer Requirements

- 4.19 We have interrogated published commercial data bases of retailer demand but there are very few stated requirements, although these have increased during the year. Superdrug (500 m2), B&M (743 m2 – 930 m2), Matalan (930 m2), Bright House (380 m2), Peacocks (370 m2 – 930 m2) and Wilkinsons have continued requirements for the town centre. Past Times have a temporary requirement for a store in the run up to Christmas. The majority of these retailers cater for the value end of the market, but Austin Reed (280 m2) are a welcome addition to the requirements list at the mid to upper range.
- 4.20 In the food & beverage sector, Majestic Wines, Frankie & Benny’s and Wagamama’s have requirements for the town centre.
- 4.21 These databases are not comprehensive as some retailers do not publish their requirements and others will relocate within a centre to better premises if an opportunity arises, but again do not specifically advertise this fact.
- 4.22 We have consequently spoken to a number of retailers to establish their views of the centre. In accordance with the findings of Colliers Town Performance Matrix, the general feedback is that they are trading “OK” but there is potential for improvement.
- 4.23 We summarise below some of the comments from the main retailers who are in the centre, and from some who are not:

John Lewis – John Lewis recently attended a meeting with the Council and some other town centre retailers. Their single main point is that if the centre is to move forward it is essential that the town centre remains the dominant retail area and its offer is not diluted by alternative schemes on the other side of the railway.

Debenhams – The existing store is of an unusual size for this retailer. It is trading adequately but does not break any trading records. Debenhams would consider a full range department store (9,290 sq m gross) if the opportunity became available but would weigh its desirability in the light of other opportunities which may become available earlier, possibly at Stevenage and/or Hitchin.

Marks & Spencer – M&S occupy a profitable store in the Howard Centre however the financial returns indicate it is too large for the performance of the town. They have no current plans to refurbish the store (although the last refurbishment was in 2007) or to relocate. The store benefits from pedestrian footfall from the multi storey car park via the bridge link into the Howard Centre. However they also would consider a relocation if a suitable opportunity arose such as a stand-alone store with adjacent surface level car parking which would allow them to expand their food sales, which do not perform as well as anticipated for a town centre location.

Boots – This company is generally trading well but would like to increase the size of their store – possibly even to double it. Ideally they would want a 900 sq m trading area (which equates to c. 1,450 sq m gross) and would also be keen to secure longer opening hours. Whilst at present the store achieves a higher than average sales density, it serves a relatively local catchment area and probably loses out to their out of town stores at London Colney and Cheshunt. With respect to the town centre generally, they would like to see improvements to car parking, which they consider to be poor, and an improved covered route from the Howard Centre to the John Lewis store.

New Look – Trading from a relatively small store which was almost closed on expiry of the lease as the proposed rent review would have made it loss making. The landlord however agreed to reduce the rental uplift and they continue trading. Whilst the sales densities being achieved are good, the overheads are considered too high. With respect to the town generally, they consider it needs some larger cost effective space if it is not to decline in the future. They do not believe such space can be achieved in the Howard Centre.

Typically New Look would seek a store in excess of 929 sq m gross, and whilst they consider the local market to be strong, they consider the existing retail stock is poor.

Next – This is another operator who is trading “OK” and has no immediate plans to change representation. Next feel however their current location at the end of the Howard Centre is a little hidden and that sales could be improved in a better pitch. Their existing store is only about two thirds of the size they would typically occupy (i.e. about 995 sq m gross as opposed to a standard requirement of 1,580 sq m gross) and so this is another retailer experiencing problems with the retail stock available in the centre.

Bodyshop – Their town centre store is a mid-performer in their portfolio – it is trading “OK”. They are happy with the space they have but are going through a lease renewal at the moment. At present they anticipate renewing for another few years.

Peacocks – This company currently trades as ‘Bon Marche’ and does not have a full Peacocks store. The Bon Marche operation is slightly undersized and again is a mid-range performer. Their stated requirement is for a Peacocks store as the company is looking to expand representation into this sort of town.

Wilkinsons – This operator is not represented in the centre and has no listed requirement. They advise however that if they could secure a store of c. 1,800 sq m, preferably on single level, they would consider locating in the centre.

Summary

- 4.24 Welwyn Garden City provides a good range of retail accommodation but one which would we class as being neutral. There is a good range of national UK multiple retailers and a good selection of local independents. However, with the exception of the expansion to the Sainsbury’s supermarket, the last major retail development was over 20 years ago. Retail investment transactions have also been limited with the last major transaction being the acquisition of the Howard Centre by LaSalle Investment Management on behalf of Coal Pension Properties Ltd from Land Securities in 2009. The centre, with an annual income of £3.9 million, was sold for approximately £48 million showing a yield of 7.65%.

- 4.25 Accommodation in the town is relatively affordable with prime Zone A rents in the region of £970 pm² producing an annual rent of under £100,000 for a unit of around 214 m². This compares with £860 for Bishop's Stortford and Stevenage, £1,400 for St Albans, Luton and Enfield and £3,230 for Watford Harlequin.
- 4.26 In a town such as Welwyn Garden City where little development has taken place, it is difficult to gauge on-going and future retailer demand. Because so little is available, the town will not be on the acquisition list for the majority of retailers. However we remain of the opinion that once a new, well located opportunity is made available, the demand will increase as new accommodation becomes available.
- 4.27 Understanding that the demand and financial characteristics are moving in the right direction leads us to examine where the town centre should encourage further retail development to supply both the existing and future demand.

5.0 POTENTIAL RETAIL DEVELOPMENT

5.1 As already discussed in this report, one of the major barriers to enter into any redevelopment or development in any town centre is the land ownership profile and the number of leases, both long and short, which potentially need to be acquired to enable the developer to produce the new accommodation. In very simple terms Welwyn Garden City is a mature town centre in that the vast majority of the land that is available has been built on already. The Council, as one of the major land owners within the town centre, has a significant role to play in enabling appropriate land and buildings to be bought forward for development, both as land owner and as planning authority. This becomes more important when interests need to be acquired to enable a clean vacant site to be made available to the development industry.

5.2 There are a number of locations within the town centre which we have considered for future retail development. However, whilst we understand the requirement to increase the amount of comparison floor space within the town centre, Welwyn Garden City will never be able to compete as a major centre with other competing towns but should be seeking to place itself at the upper end of the market and to attract appropriate retailers who can trade side by side with John Lewis, Debenhams and Marks and Spencer. It is with this in mind that we have considered a mixture of redevelopment in full and consideration of new accommodation to assist with the future provision of retail accommodation. The provision of new retail development raises the question about what should be provided above the retail accommodation. Welwyn Garden City has a mixture of upper floor uses which are predominantly for office accommodation within the town centre, but with a certain proportion of residential apartments. The town centre has a variety of storey heights, and we deal with suggested appropriate heights and uses within the following sections.

Town Centre North

5.3 We have considered and assessed this site in a number of ways as the four distinct areas (car park, gardens, Nat West block and roundabout) could be treated in isolation or linked together in various combinations, as follows:-

5.4 **Public Gardens.** We are of the opinion that the public access from the Howard Centre through to the John Lewis car park (Sir Theodores Way) should be retained as this is a very busy pedestrian link which also serves to provide the

side of the Debenhams building with some presence. We have therefore considered the public gardens in isolation. We have analysed this land and believe that a two-storey retail only development of accommodation, fronting onto both Stonehills and the car park, could be developed which, from an initial assessment, could provide a total of 3,200 m² (GIA) of accommodation. This would go some way into creating some larger flexible unit shops with good floor to ceiling heights, which would be acceptable for fashion retailers having the opportunity to trade adjacent to Debenhams and John Lewis and with easy access to the Howard Centre and the town centre car parks. Alternatively, a single store could be accommodated on this site should a suitable occupier be identified. It is important that if this site is developed in isolation that the ground floor activity assists in the viability and vitality of this part of the town centre and contributes to the existing fabric created by the John Lewis property and the environment around the John Lewis car park. The ground is not level within this part of the town centre and careful consideration will be required as to which becomes the prominent frontage.

5.5 This option leaves the roundabout and the John Lewis car park sites untouched and has no impact upon the existing road network. The potential loss of the popular gardens must not be ignored. The route between the Howard Centre and John Lewis generates a high footfall and the addition of more retail will increase these numbers. The provision of an enhanced environment should be included within the design. A new enhanced site could be provided on site or on part of the existing car park or on part of the existing road if changes to the road network were required.

5.6 **Public Gardens and Car Park.** We have also considered a development of the car park itself as being an addition to the land described above. Again, a two-storey retail development has been envisaged which could provide a total of 7,000 m² (GIA) of accommodation. This option removes the car park and consideration needs to be made therefore as to the re-provision of the existing car parking spaces and also the additional car parking which would be required to serve the new retail accommodation. John Lewis have previously indicated to the Council significant concern at the loss of their car park. The development needs to be design led as too much new accommodation in this location would have a detrimental effect upon the existing environment between John Lewis and Debenhams. All the existing property faces onto this potential site and suitable distances between the existing and proposed properties must be retained. All this new accommodation will require servicing, and the design should consider the opportunities to utilise existing rear servicing facilities.

Ground levels will again need to be considered as there is a difference between the gardens and car park. The precise accommodation will be determined by the designers, but the space should be flexible to enable a number of combinations to be considered. The primary factor should be to create a range of modern units for the upper end of the fashion market. This option will require a change to the existing road pattern as the existing road between the gardens and the car park will be removed.

5.7 We have also considered retaining the car park and constructing accommodation above the car park linking into the existing properties. Due to the very low floor to ceiling heights especially on the ground and first floors, we do not believe that this option is viable and whilst it may produce a large first and potentially second floor space, the existing adjacent ground floor accommodation becomes quite alien and unfriendly. This particular option would also have a negative effect upon the existing shop fronts of all the street facing units in the area. This option would require the cooperation of John Lewis, who we understand have a long leasehold interest over the car park.

5.8 **Public Gardens and Retail Block.** The joining of these two sites would necessitate the closure of this section of Stonehills, but as this is the end of the cul-de-sac, it should not be a problem. There are two main problems that the inclusion of the retail block causes: cost of entry and alignment. Purchasing an investment is not the best way of compiling a development site – it is expensive, both to purchase the investment and to obtain vacant possession. The extra capital value required to balance the financial appraisal could only come from extra accommodation which could be gained from building on the road.

5.9 The road should now stop at Debenhams and Nationwide, providing a good wide pedestrian access joining Stonebank and Sir Theodores Way and linking the Howard Centre with John Lewis. The alignment is more difficult. If the new retail units faced a north south alignment, they would face Stonebank, but also the roundabout and multi storey car park. This could introduce some interesting activity in a location where none exists, but the units would only be approximately 12 metres deep, producing units less than 100 m². This would also be quite a small island block which would offset the rhythm of the town centre. Any upper floors could be quite isolated. We have estimated that a total of 4,500 m² could be accommodated in this location.

- 5.10 **Public Gardens and Roundabout.** We have also considered linking the gardens and the roundabout. If a road solution can be found to eliminate the need for the roundabout it may be possible to provide around 8,000 m² of new retail accommodation. If the roundabout is required to be retained in its present configuration, it may be possible to extend a first floor above the road and across the roundabout. This could provide accommodation totalling 5,000 m² (GIA). Whilst a design solution may be found for this option, we do not believe that it produces the type of accommodation which the town centre requires. The development above the roundabout would certainly be dramatic and resolve a number of the issues with the roundabout, but our concern relates to the actual location and position of the accommodation. It would struggle to have any presence and its relationship to the existing property and retail accommodation would be poor. Having a large percentage of first floor accommodation is also not what is required. This option would therefore require the removal of the roundabout and major changes to the existing road network, especially the accessibility to the town centre from the north.
- 5.11 **All Four Sites.** We have considered the complete redevelopment of the four sites, but without some detailed design, especially regarding highways, servicing, car parking and landscaping, it is difficult to imagine how a new development could be designed to have a positive effect upon the town centre, both in environment and retailing terms. We have however used a similar methodology to suggest that a total of 12,800 m² could be provided. We would urge caution with this option as the impact upon the town centre could be significant. The inclusion of the Natwest retail block could also have a negative effect upon the viability of the proposed development and the joining together of the four sites could result in reduced sight lines and permeability through the town centre.
- 5.12 This option can only be tested through design and viability. Should you decide to instruct architects or master planners, we would be pleased to brief them and influence the design, siting and content of any proposals for this location.

Howardsgate Public Gardens

- 5.13 We have considered the public gardens that are located between Stonehills and the Howard Centre which could provide quite an exciting extension to the centre if the mall is continued and a new entrance designed on Stonehills itself. Units of around 20m depth on either side of the new mall (potentially double sided) could provide accommodation on both ground and first floor whilst keeping a good distance to the existing street facing accommodation on the three existing sides. This could also provide the opportunity to create a good sized food court to add to the dwell time within the Howard Centre and could remain open after the centre has closed prolonging the time spent within the town centre into the evening. Alternatively, the accommodation at first floor could be divided into large space users, providing the size of unit which is not presently available. We are of the opinion that approximately 5,000 m² could be created in this location. This would also in our opinion increase the vitality and viability of the existing retail accommodation which begins to drop away quite significantly outside of the Howard Centre.
- 5.14 If the present owners of the Howard Centre do not want to contemplate an extension to the centre of this size or style, a stand-alone building providing exactly the same accommodation could be created whilst maintaining an open walkway between the existing Howard Centre and this new property. The beauty of this location is that the units would be quite flexible in terms of their size, being able to accommodate not the presumed demand but the actual demand that will emerge from retailers once knowledge of new development and accommodation is marketed and available. The building itself would lend itself to approximately 10 standard units on each floor of 65ft depth by 25ft width, providing units of approximately 1,625 sq ft. A combination of units would provide good medium sized accommodation of 3,000 sq ft and if these were to be on more than one level, it is quite easy to imagine how a mix and match scenario provides accommodation to suit a number of retailers' needs.
- 5.15 We see this location as being primarily an extension of the Howard Centre and providing opportunities quite different from that that would have existed on the John Lewis car park, public gardens and roundabout site, as detailed above. This accommodation would provide a modern series of standard units which would appeal to the mid-range fashion retailers.

The Campus East Site

- 5.16 This is a good large site with direct access to Bridge Road and is presently used for car parking and the newly refurbished and extended Waitrose supermarket. Whilst the site provides an opportunity for a completely new type of retail provision, we are not of the opinion that this would enhance the existing town centre; rather it could provide a distraction from the town centre and confuse the existing retailing matrix. The re-provision of the existing car park and the provision of new car parking to accommodate any new retail development would have to be incorporated resulting in increased development costs and result in a secondary development. The existing Waitrose creates a barrier between any new development and the town centre and when the existing multi-storey car park on Bridge Road is taken into account, there are just too many barriers for this development site to be considered as an addition to the town centre.
- 5.17 There is no doubt that the site can provide suitable accommodation for new retailers wanting to enter the town, although this is likely to be in the retail warehouse category. We estimate that the site can accommodate up to 5,000 m², in a variety of unit sizes. Whilst there may be a demand, this type of accommodation will cause a distraction from the town centre and not contribute towards its vitality and viability.

Cherry Tree Car Park

- 5.18 We have considered the Cherry Tree car park in isolation as part of the Campus East opportunity. This site is presently used as a car park for the Council during the week and for the public at the weekends and is located between the Council offices and the Waitrose supermarket. The site is relatively small at 1,780 m² and only 27 metres wide. An extension for Waitrose could provide an additional 890m² of accommodation whilst retaining a public route from the car parks to the town centre. As their servicing and car parking would not be affected, it is a quite efficient use of the land. It also secures further food retailing within the town centre and goes some way to mirroring the Sainsbury's extension at the southern end of the town centre.
- 5.19 Alternatively, a row of small retail units with a total of 500m² could be accommodated, but we are of the opinion that they would be quite isolated and would not contribute to the viability of the town centre. Bridge Road, the four very large trees and the landscaping on the roundabout create a large barrier between the town centre and this site and we believe that it could only be brought into viable and appropriate use if the roundabout was developed as

part of a much larger project. The use of this site would also result in the loss of weekend car parking provision within the town centre. If the Town Centre North sites are developed with the Cherry Tree car park, approximately 137 spaces will be lost although it is understood that the level of parking provision for the town centre is already fairly generous.

Howardsgate Public Gardens / Wigmores South

- 5.20 We have considered a very small infill development at the crossroads of the Howardsgate public gardens and Wigmores South. The gardens whilst providing a fundamental element of the garden city, are however a natural barrier for connectivity between the Sainsbury's supermarket and the joining retail accommodation and the remainder of the town centre. It may be possible to construct a small development consisting of coffee shop or café/restaurant which would provide a draw from both sides, encouraging pedestrian connectivity across the whole of the town centre. Whilst this will not contribute to the additional provision of fashion comparison shopping in the town, it would certainly enhance this part of the town centre, increasing the dwell time for visitors and adding to the total spend within the town centre. A maximum of 600 m² could be accommodated in a single-store pavilion type development in this location.

Block Bounded by Wigmore's North, Parkway & Howardsgate

- 5.21 We have also analysed some of the existing property within the town centre and are of the opinion that the block bounded by Wigmore's North, Parkway and Howardsgate would be a suitable redevelopment of the town centre to provide potentially another series of larger units, enhancing the location to the south of John Lewis. The block at the moment contributes very little to the town centre and has quite long frontages without any retail activity whilst providing average office accommodation, occupied by the NHS. This would be a much longer term project but one which could potentially contribute to the total long term provision of comparison shopping within the town centre between 2021 and 2026.
- 5.22 As in all other options, we have not undertaken any design but this new block could contribute dramatically to the town centre providing very good quality modern accommodation for fashion retailers with a range of residential accommodation above. The quality of the retail accommodation drops dramatically from the John Lewis and the southern side of this block has a

variety of F&B units together with the Ladbrokes betting office and some presently vacant accommodation.

- 5.23 We are of the opinion that something in this location providing a centre anchor to this part of the town centre would again contribute to the connectivity between the north and south by drawing visitors from the Howard Centre and John Lewis down Wigmores North to this location and then across the public gardens to the three blocks at the southern end of the town centre. This redevelopment could create an additional 12,000 m2 of accommodation although when you take into account the existing accommodation, this probably nets down to an additional 8,500 m2 of new accommodation. This new accommodation would be designed and constructed to retailers' modern day specifications with a suitable floor to ceiling height, raised floors, high ceilings and availability of all services. This option would not have any impact upon the existing road network.
- 5.24 We have compiled a new table which utilises the data in this section to assess how far each option goes towards meeting the retail capacity figures produced by Nathaniel Lichfield as set out in section 3.18.

Town Centre North Development Options:

Public Gardens	3,200 m2
Public Gardens and Retail Block	4,500 m2
Public Gardens and John Lewis Car Park Site	7,000 m2
Public Gardens and Roundabout Site	8,000 m2
All four sites	12,800 m2

Potential additional floorspace:

Howardsgate Gardens (1)	5,000 m2
Howardsgate Gardens (2)	600 m2
Total	5,600m2

- 5.25 It can be seen that there are several options which could produce sufficient accommodation to take you to 2021 as set out in the NLP revised capacity assessment. However, due to the issues previously identified in relation both to the need to reprovide car parking to replace the John Lewis car park and the problems of building above the roundabout, the full flexibility of the allocated town centre north development site is required. The additional 9,000 m2 (to 2026) of accommodation is more difficult to deliver and would require

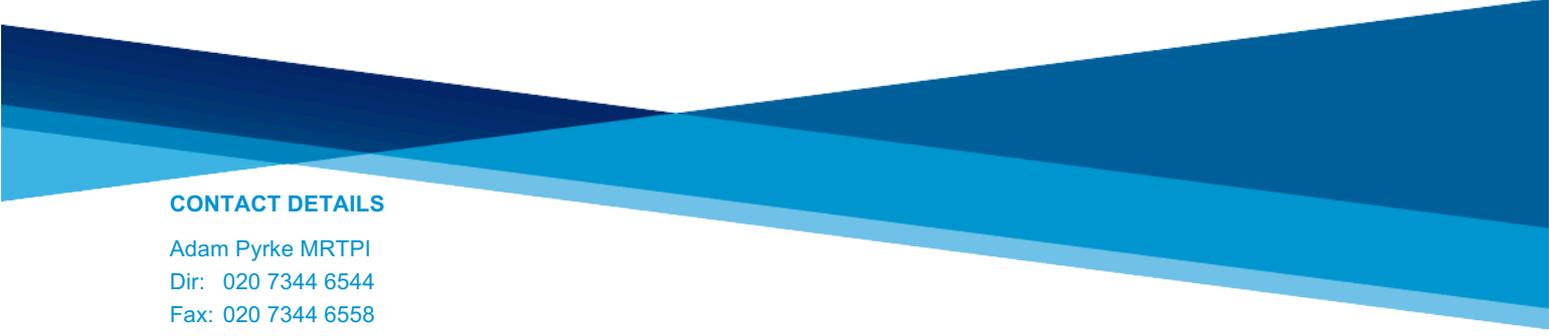
consideration of either the Campus East site, the redevelopment of the Wigmores North, Parkway and Howardsgate block or a combination of both.

- 5.26 We have not currently included any floor space for the Campus East site or the Cherry Tree car park in the above table for the reasons provided within the respective sections, however, this report does indicate the potential additional floor space that could be achieved on these sites.

6.0 CONCLUSIONS

- 6.1 Welwyn Garden City functions well but has limited potential for growth within the town centre. The town centre and the Howard Centre are popular with shoppers and visitors and the John Lewis provides a well located large anchor for the town. Debenhams and Marks & Spencer provide further department store accommodation resulting in a very good quality fashion location. Waitrose and Sainsbury' provide dumbbell anchor convenience provision at the north and south of the town which is bolstered by numerous individual shops and also by the M&S food hall.
- 6.2 The town functions on a variety of levels supplying an ever increasing demand from local residents for comparison and convenience goods. The town's growth is somewhat constrained by the original Garden City design and town centre boundary, but this is also one of the majors draws for the location. The accommodation on the whole is old and does not conform to modern retailer requirements and this is one of the problems. Whilst it performs well, its relatively small size means that it can't compete with larger regional centres or out of town locations. This should be viewed as the basis for future growth. Improve the quality of the centre, rather than just increase the quantum of the accommodation.
- 6.3 The town centre has hardly changed and the Howard Centre is the only major development over the last 20 years. The redevelopment of the Sainsbury's and the refurbishment of the Waitrose have bolstered the convenience provision, but the comparison offer requires a series of new modern shop units. This will provide the opportunity for new quality fashion retailers to enter the market and for existing retailers to relocate assisting their growth targets. This in turn will provide relatively cheap accommodation for specialist and independent retailers to trade alongside established units within the town centre.
- 6.4 Vacancy rates are running at approximately 10% which compares well with surrounding and competing centres. The vacancies ensure that the market continues to move and adapt to the continuous changes in the retail economy, although landlords are trying to retain as many tenants as possible at the present time to ensure a good revenue return from their investments.

- 6.5 The two main sites within the town centre can be developed, but neither are simple in their deliverability and the Campus East site will not deliver the accommodation which will add to the town centre at this time. The public gardens / car park site is capable of being developed in a number of ways and once the most appropriate and viable option has been determined, will make a major contribution to the future viability of the town centre.
- 6.6 Action causes reaction and any new provision will have an effect upon the existing town centre. This will take time to settle down, but the long term benefits will outweigh any short term problems.
- 6.7 The availability of new and used accommodation is important for any location as it creates interest and demand providing space for expansion and for new occupiers to enter the market. The lack of perceived expansion actually has the opposite effect creating stagnation and uncertainty.
- 6.8 Change creates uncertainty and any new development should be designed to the highest standards. As with any development, it is the spaces between the buildings rather than the buildings themselves which add to the vitality of the town centre. The new developments should aim to add to the high quality environment, not compete with it or be overbearing.
- 6.9 We would recommend that the Council pursue a quality development that increases spend within the town centre rather than a development which seeks to maximise the size of the accommodation. Whilst maximising floor space in the town centre may attract retailers, we doubt these would necessarily be the type of retailer that the residents and visitors to the town centre are demanding. The existing provision of convenience accommodation is very good with a range of goods and services. Welwyn Garden City should continue to strive to be the first choice for quality comparison retailing and retain a niche position among the competing centres.



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