4. RETAILING – LOCAL CONTEXT AND QUALITATIVE NEED

Introduction

4.1 Portsmouth City Council requires an objective assessment of retail need to be undertaken in order to assist them in determining future retail strategy and policy. In this study, we consider need from two broad perspectives; the **qualitative need** for additional retailing is addressed later in this section, while in Sections 5 and 6 we undertake a **quantitative need** assessment, which determines the scope (or capacity) for more convenience goods and comparison goods retail floorspace to be provided through to 2026.

4.2 Our qualitative assessment draws together data from a range of sources. In particular, we make significant use of Goad Plans and associated retail data; for example, in quantifying vacancy rates and mapping the diversity of uses in a centre. It should be noted that a Goad Plan definition of a centre may differ from that of the Council. Thus some of the conclusions drawn in this section may not be entirely consistent with centres as defined by the Council. However, the retail floorspace data presented for each centre is based on the Council's definition and has been estimated from a number of sources. It is this floorspace data and therefore the Council's definition of individual centres that has been adopted in the quantitative floorspace need assessments set out in Sections 5,6 and 7. We begin by describing the role and preference of Portsmouth City Centre and the other main retail centres in the District.

Retailing Provision within Portsmouth District

4.3 Portsmouth City Centre is the principal focus for shopping, services and employment and the City Council define it as a sub-regional centre. Southsea is defined as a town centre and is supported by a number of suburban centres, namely Cosham, Fratton and North End/London Road. A further major retail destination is the Gunwharf Quays Designer Outlet, although this location is not given a definition. Each of the smaller suburban centres strives to serve the convenience and, to a lesser extent, the comparison goods shopping needs of their own tightly drawn catchments. In general, however, they tend to function in the retail shadow of nearby Portsmouth City Centre, particularly for comparison goods shopping.

4.4 Below the tiers of sub-regional, town and suburban centre, there are a number of small local centres and 'corner' shops located throughout the district. These primarily serve top-up food shopping needs.

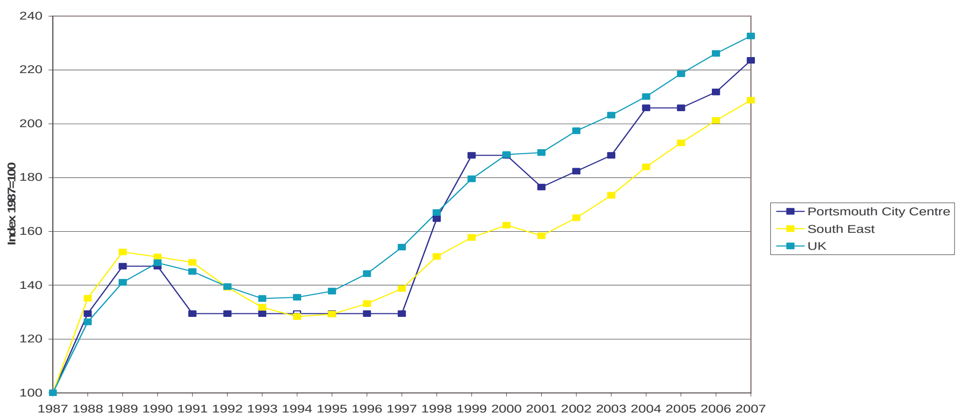
4.5 Portsmouth District also contains a range of out of centre retail parks and food superstores. The retail warehouses (e.g. at Ocean Park) attract trade from much of the district and from even further afield, whilst the large food superstores tend to serve more localised catchments.

4.6 We now briefly describe the retail economies of Portsmouth City Centre, Southsea, Gunwharf Quays, Cosham, Fratton and North End/London Road and then focus on out of centre retailing provision. The section ends with a brief assessment of the qualitative need that exists (if any) for new retailing provision in each centre.

Portsmouth City Centre

4.7 A comparison of prime retail rental performance between 1987 and 2007 for Portsmouth City Centre, the South East Region and the UK is shown in **Figure 4.1**. Over the 20 year period Portsmouth has marginally under-performed the UK benchmark, but slightly out-performed the South East average. Since the turn of the century prime rental growth in Portsmouth has closely mirrored the UK and South East averages. The city centre's prime rent at May 2007 stood at £2,045 per sq m.

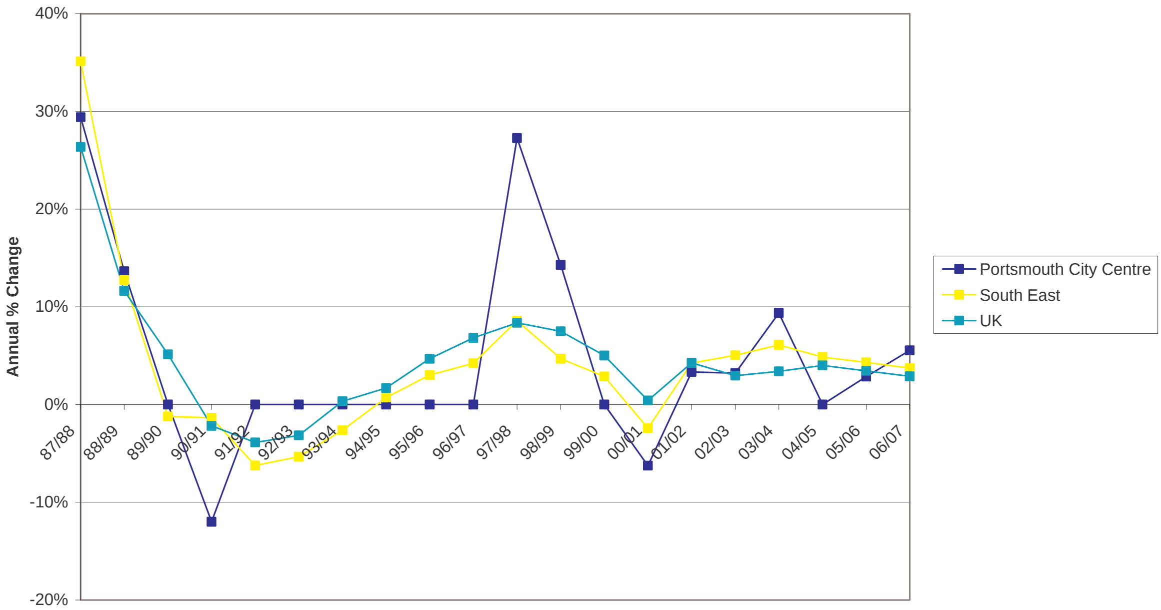
Figure 4.1: Prime Retail Rental Performance: Portsmouth City Centre vs South East Region and UK, 1987-2007



Source: Colliers CRE In-Town Retail Rents Database.

4.8 The comparative rental performance of Portsmouth City Centre, the South East and the UK is also shown in **Figure 4.2** overleaf, which plots the annual percentage change in rent from 1987 through to 2007. This graph confirms the higher volatility of rental change in Portsmouth; rents fall more than the regional and national average during times of slow down and rise faster when the retail market picks up. During the past 12 months, prime rental growth in Portsmouth City Centre has marginally out-performed that in the South East and UK.

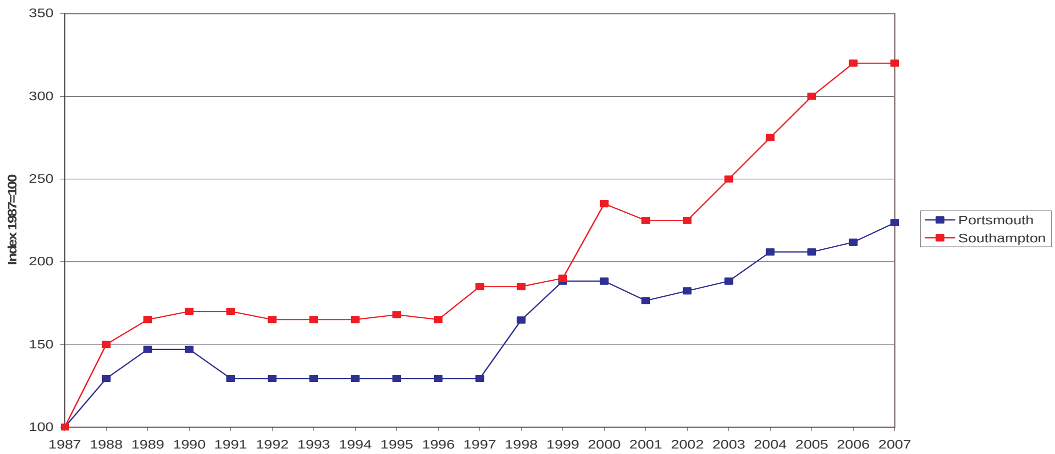
Figure 4.2: Annual Percentage Change in Prime Rent: Portsmouth City Centre vs South East Region vs UK, 1987 - 2007



Source: Colliers CRE In-Town Retail Rents Database.

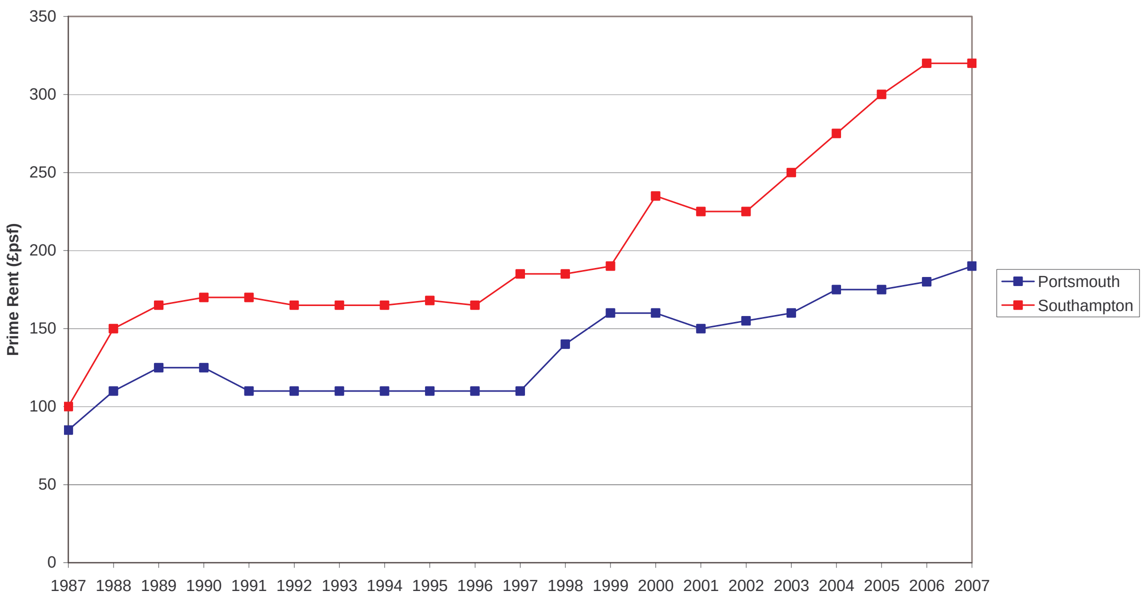
4.9 A comparison of prime rental performance since 1987 in Portsmouth and Southampton City Centres is shown in **Figure 4.3** overleaf. Over the full period Southampton has easily out-performed Portsmouth, although as recently as 1999 the performance of the two cities (since 1987) had matched one another. Since 1999, however, prime rental growth in Southampton has far out-stripped that in Portsmouth. **Figure 4.4** overleaf shows the absolute levels of Zone A rents in Portsmouth and Southampton between 1987 and 2007. This confirms that Southampton has always been a higher rented centre, and that the “rental gap” has widened since the late 1990s. At the present time prime retail rents in Southampton are £3,444 per sq m, compared to only £2,045 per sq m in Portsmouth.

Figure 4.3: Prime Retail Rental Performance: Portsmouth City Centre vs Southampton City Centre, 1987-2007



Source: Colliers CRE In-Town Retail Rents Database.

Figure 4.4: Comparison of Prime Retail Rents in Portsmouth City Centre and Southampton City Centre (£psf), 1987-2007



Source: Colliers CRE In-Town Retail Rents Database.

4.10 There is growing evidence that Portsmouth City Centre's retail attractiveness relative to other centres within Great Britain is beginning to fall. The annual Centre

Rankings published by MHE and Javelin[1] (**Table 4.1**) confirm that the centre's position fluctuated only marginally between 72nd and 76th between 1998 and 2004/05 but then fell eight positions between 2004/5 and 2005/6. Looking ahead, the new City North Development should help reverse the recent slippage that has occurred.

Table 4.1: Portsmouth City Centre: Retail Centre Rankings, 1998-2006

Year	1998/99	2000/01	2003/04	2004/05	2005/06
Rank	72	74	73	76	88

Source: MHE Shopping Centre Index / Venue Score.

4.11 During the past three years shopping centre yields within Portsmouth City Centre have fallen from 6.50% to 5.50%. This level of yield indicates that the city centre is not only attractive to investors, but the level of attractiveness has increased (**Table 4.2**). However, the yield for Portsmouth City Centre remains 1.0% higher than for Southampton (4.50% as at January, 2007) and 0.50% higher than Chichester's (5.00%). The yield gap between these two major competitor centres and Portsmouth has narrowed a little during the past three years.

Table 4.2: Shopping Centre Yields: Selected Centres

Centre	% Yield (Jan 2004)	% Yield (Jan 2007
Portsmouth City Centre	6.50	5.50
Fareham	8.00	7.00
Chichester	5.25	5.00
Gosport	9.00	8.50
Southampton	5.00	4.50

Source: VOA, Property Market Report, January 2007.

4.12 According to our best estimate, Portsmouth City Centre (as defined by the Council) currently contains an estimated 55,510 sq m net of (occupied) retail floorspace (see

[1] Javelin Group's VENUESCORE ranks the UK's top 2000+ retail venues, including town centres, stand-alone malls, retail warehouse parks and factory outlet centres. An individual centre's score is derived from the presence in each location of multiple retailers, including anchor stores, fashion operators and non-fashion multiples. The score attached to each operator is weighted to reflect their overall impact on shopping patterns. Thus a major anchor such as John Lewis will receive a higher score than other retailers.

Table 4.3). Of this total 49,104 sq m net, or 88%, is devoted to comparison goods and the balance, 6,406 sq m, or 12%, is taken up by convenience goods. This bias in favour of non-food shopping is a common characteristic of a higher order centre. As **Table 4.3** confirms, the comparison goods retail offer may be further disaggregated into non-bulky and bulky goods. On our estimates around 92% of the comparison retail offer of Portsmouth City Centre trades in non-bulky goods.

Table 4.3: Estimated Retail Floorspace in Portsmouth City Centre as at May 2007

Type of Shopping	Sq M Net	Col. %
Convenience Goods	6,406	12
Comparison Goods		
- Non Bulky	45,104	81
- Bulky	4,000	7
Total	**55,510**	**100**

Source: Portsmouth City Council/Colliers CRE

4.13 For data on vacancy we turn to Experian Goad, which relates to a definition of Portsmouth City Centre that differs from that of the Council. **Table 4.4** confirms that as at February 2007 (the date of the most recent Goad Plan), the number of vacant retail units was 28, covering an estimated 3,475 sq m gross of floorspace. Relative to all Goad centres in the UK, vacancy in Portsmouth City Centre, in terms of floorspace, is currently well below average. In terms of unit numbers, however, Portsmouth's voids slightly exceed the national average. Since our previous study in 2004, vacant floorspace in the city centre has fallen by 2,766 sq m gross or 69%. This is mainly due to the demolition of the Tricom Shopping Centre, which had previously been boarded up.

Table 4.4: Vacant Retail Floorspace in Portsmouth City Centre

February 2007 Index (UK = 100)	
28 units	109
3,475 sq m gross	51

Source: Experian Goad

4.14 Goad data on the general retail provision within Portsmouth City Centre is shown in **Table 4.5**. The data reaffirms that comparison goods floorspace is over-represented in the city centre; a characteristic often associated with higher order retail locations.

Table 4.5: Diversity of Uses: Portsmouth City Centre

Type of Goods	No. of Outlets (Index: UK Average=100)	Floorspace (Index: UK Average=100)
Convenience	78	105
Comparison	110	122
Service	80	61

Source: Experian Goad (as at February 2007)

4.15 Much of the data in **Table 4.5** is presented on the map in **Figure 4.5** overleaf. This map illustrates a number of important points about the retail offer and layout of Portsmouth City Centre. These are as follows:-

- Commercial Road and the Cascades Shopping Centre are the main locations for comparison good shopping;
- The same locations form the primary retail core of the city centre and are where the highest pedestrian flows and Zone A rents occur;
- The two principal convenience goods stores are easily identified – Sainsburys to the top of the map and Tesco on the right hand side; the remaining convenience goods shops are small and scattered throughout the city centre;
- Service uses are in the main confirmed to secondary frontages, especially at the extremities of Commercial Road and along Guildhall Walk, where a range of bars are located;
- Voids are located throughout the city centre, although there are none along Commercial Road.

4.16 In Section 3 we defined the shopping catchment areas for Portsmouth City Centre for convenience and non-bulky and bulky comparison goods. The extent of the catchment for non-bulky comparison goods, although constrained by major

Fig 4.5 Portsmouth City Centre

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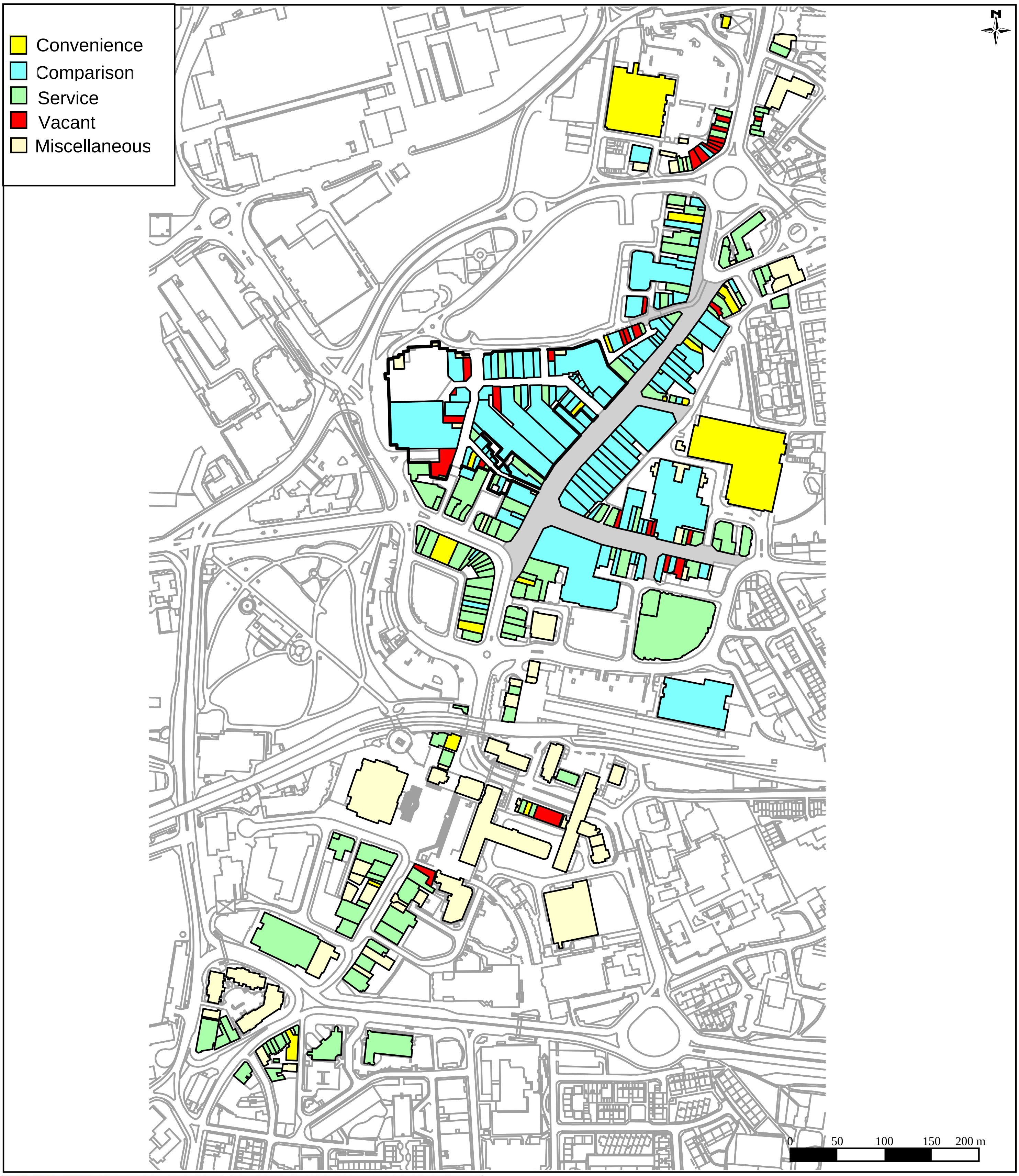

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competitor centres, is, nevertheless, substantially larger than those for the other two sectors. Large food stores at Fratton and Southsea (Asda and Waitrose respectively) and the Ocean Retail Park are especially dominant, and severely restrict the retail influence of the city centre for food and bulky goods shopping.

4.17 In summary, we conclude that given the considerable length of time it has taken for the City North Development to gain planning consent, the city centre has performed surprisingly well in recent years as shown by rising prime rents and falling yields. Nevertheless, it has lost ground in the national retail rankings and has fallen way behind Southampton. The city centre already benefits from the Cascades Shopping Centre, which contains a wide range of fashion multiples and two food superstores (Sainsburys and Tesco), although these are not well connected to the retail core. The City Council has also recently improved the landscape of the main shopping area.

Southsea

4.18 Southsea shopping area, centred on Palmerston Road, lies around two kilometres to the south of Portsmouth City Centre. The City Council classify Southsea as a town centre, largely on the back of its two department stores – Debenhams and Knight and Lee (John Lewis) – which attract trips from over a wide area, a fact substantiated by the results of our household telephone survey. The current prime Zone A rent in Southsea is £700 per sq m, compared to the £2,045 per sq m in Portsmouth City Centre.

4.19 Relative to other centres in Great Britain, Southsea is losing its attractiveness and retail status. Over the past seven years the centre's retail rank has fallen by more than 150 places (**Table 4.6)** and with no major retail development in the pipeline, its decline in the national ranking may be expected to continue.

Table 4.6: Southsea: Retail Centre Rankings, 1998 – 2006

Year	1998/99	2000/01	2003/04	2004/05	2005/06
Rank	300	321	404	477	463

Source: MHE Shopping Centre Index / Venue Score

4.20 Southsea's fall in rank is reflected in the centre's shopping yield. Yields have remained at 9% to 10% since 2000, which indicates that Southsea is a relatively unattractive location for investors.

4.21 According to our best estimate, Southsea currently contains some 24,220 sq m net of retail floorspace (**Table 4.7**). Of this total 21,555 sq m net, or 89%, is occupied by comparison goods and the balance, 2,665 sq m net, or 11%, is taken up by convenience goods. The bias in favour of non-food shopping is consistent with its status as a town centre. As **Table 4.7** shows, the comparison goods offer may be further broken down into non-bulky and bulky goods. Our figures indicate that around 80% of the comparison retail offer of Southsea trades in non-bulky goods.

Table 4.7: Estimated Retail Floorspace in Southsea as at May 2007

Type of Shopping	Sq M Net	Col. %
Convenience Goods	2,665	11
Comparison Goods		
- Non-Bulky	17,257	71
- Bulky	4,298	18
Total	**24,220**	**100**

Source: Portsmouth City Council/Colliers CRE.

4.22 Experian Goad data (**Table 4.8** overleaf) confirms that as at March 2007 (the date of the most recent Goad Plan), there were 19 vacant outlets in Southsea, comprising 2,118 sq m gross of retail floorspace. Thus relative to the UK, vacancy is below average in terms of floorspace, but marginally higher in terms of number of units. Vacant floorspace has risen by 306 sq m gross (or 17%) since our previous study in 2004.

Table 4.8: Vacant Retail Floorspace in Southsea

March 2007 Index (UK = 100)	
19 units	104
2,118 sq m gross	71

Source: Experian Goad

4.23 Goad data on the composition of retail facilities in Southsea is set out in **Table 4.9**. The data confirms that service uses are considerably over-represented, which is a characteristic usually found in lower order centres.

Table 4.9: Diversity of Uses: Southsea

Type of Goods	Number of Outlets (Index UK Average = 100)	Floorspace (Index UK Average = 100)
Convenience	115	81
Comparison	66	87
Service	144	164

Source: Experian Goad (as at March 2007)

4.24 The data in **Table 4.9** is presented in map form in **Figure 4.6** overleaf. This map illustrates a number of important points about the retail offer and layout of Southsea. These are as follows:

- The main location for comparison goods shopping is Palmerston Road, with the Debenhams and Knight and Lee department stores easily recognisable by their large footprints; these two stores dominate retailing in the centre;

- Convenience goods shopping is more scattered around the centre, although the large Waitrose supermarket stands out fronting Marmion Road;

- The map confirms the over-representation of service uses throughout the centre, with services dominating the frontages in Osbourne Road, Palmerston Road (south of the junction with Osbourne Road) and Marmion Road.
- Voids are relatively limited with none located along the primary shopping frontage of Palmerston Road; they are mainly focused on small units in fringe locations.

4.25 Despite having two leading department stores, Southsea is overshadowed in retail terms by the nearby and much larger Portsmouth City Centre. The centre is not big enough to dominate its own locality, although the centre, due to its department stores, does attract some trips from over long distances. With little in the way of new

Fig 4.6 Southea

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retail development the centre has slipped way down the rankings in recent years, whilst shopping yields remain high.

Gunwharf Quays

4.26 Gunwharf Quays is an area of redeveloped land fronting Portsmouth Harbour around two kilometres to the west of Portsmouth City Centre. The centrepiece of the overall scheme, which also includes offices, leisure, catering and residential, is the Gunwharf Quays Designer Outlet. The retail scheme opened in 2001 and is especially popular with visitors and tourists. However, it is also visited regularly by Portsmouth residents and our household survey indicates it achieves a market share of 12% within its own Zone 9 (Portsmouth and Southsea) for non-bulky comparison goods shopping and around 5% for the rest of Portsea Island. In terms of its draw on locally generated consumer spend, it is therefore a good match for Southsea.

4.27 The MHE/Venue Score Retail Ranking for 2005/06 gives Gunwharf Quays a rank of 405 in the UK, up 160 places on the previous year. The centre is therefore now ranked higher than Southsea.

4.28 According to our figures, Gunwharf Quays contains 11,081 sq m net of retail floorspace (**Table 4.10** overleaf). Of this total, 10,748 sq m net, or 98%, is devoted to comparison goods and the remainder, just 333 sq m net, is taken up by convenience goods. The emphasis on non-food shopping is considerable and is consistent with the retail mix found in all other designer outlet/factory outlet centres throughout the UK. The comparison goods offer may be disaggregated into non-bulky and bulky goods. Our figures indicate that some 96% of the comparison retailing at Gunwharf Quays is in non-bulky goods.

Table 4.10: Estimated Retail Floorspace at Gunwharf Quays as at May 2007

Type of Shopping	Sq M Net	Col. %
Convenience Goods	333	2
Comparison Goods		
- Non-Bulky	10,344	94
- Bulky	404	4
Total	**11,081**	**100**

Source: Portsmouth City Council/Colliers CRE

4.29 Data from Experian Goad confirms that as at December 2006 (the date of the most recent Goad Plan), there were 13 vacant shop units at Gunwharf Quays, comprising some 2,471 sq m gross of floorspace (**Table 4.11**). This equates to a small under-representation relative to the UK average in terms of the number of units and, floorspace. Vacant floorspace has fallen by 1,923 sq m gross (44%) since our previous study in 2004.

Table 4.11: Vacant Retail Floorspace at Gunwharf Quays

	December 2006 Index (UK = 100)
13 units	93
2,471 sq m gross	93

Source: Experian Goad

4.30 Goad data on the retail composition of Gunwharf Quays is shown in **Table 4.12** overleaf. This data highlights the big emphasis on comparison goods retailing, with convenience shops being significantly under-represented compared to the UK average, particularly in terms of floorspace.

Table 4.12: Diversity of Uses: Gunwharf Quays

Type of Goods	Number of Outlets (Index UK Average = 100)	Floorspace (Index UK Average = 100)
Convenience	59	19
Comparison	145	132
Service	52	94

Source: Experian Goad (as at December 2006)

4.31 The data in **Table 4.12** is presented in map form in **Figures 4.7a and b** overleaf. This map illustrates a number of key points concerning the retail offer and layout of Gunwharf Quays. These are as follows:

- Virtually all of Gunwharf Quays is devoted to comparison goods shopping, particularly non-bulky goods;
- There are only a handful of small convenience goods shops present;
- Vacant units (at the time of the plan) are at the edge of the scheme;
- Leisure uses dominate the harbour frontages of the scheme and also the first floor.

4.32 Gunwharf Quays punches above its weight in shopping terms; the geographical extent of its catchment and its market share of locally generated non-bulky comparison goods expenditure belies its modest size. Although the scheme undoubtedly captures local spend that would otherwise flow to Portsmouth City Centre and Southsea, the development as a whole attracts into the city shoppers who would otherwise not visit Portsmouth. The spin-off (indirect) benefits of linked trips – visits to Gunwharf Quays and the city centre or Southsea – help to mitigate the (direct) impacts of the scheme on nearby existing retail centres.

Fig 4.7 Gunwharf Quays

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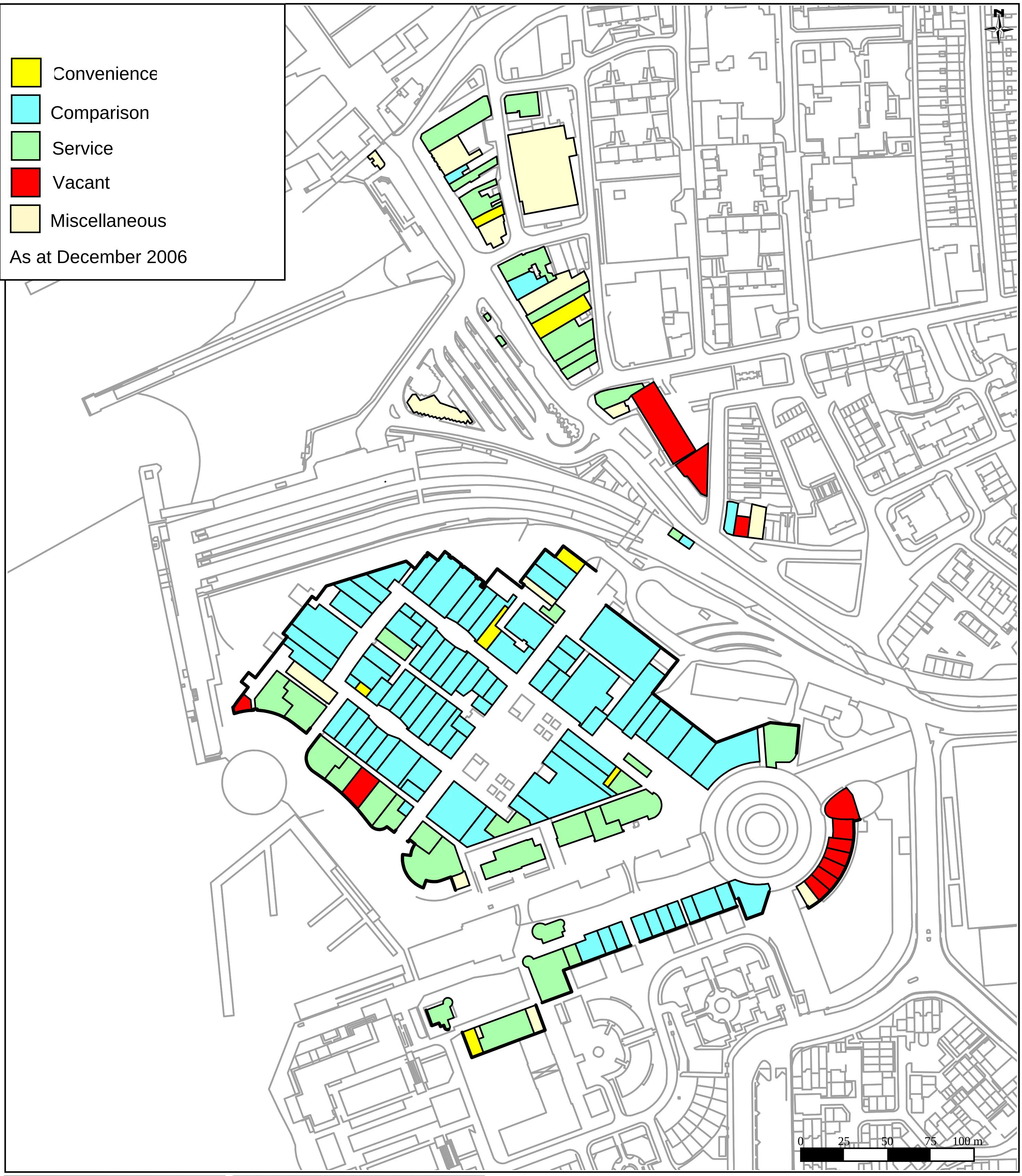

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Fig 4.7 Gunwharf Quays

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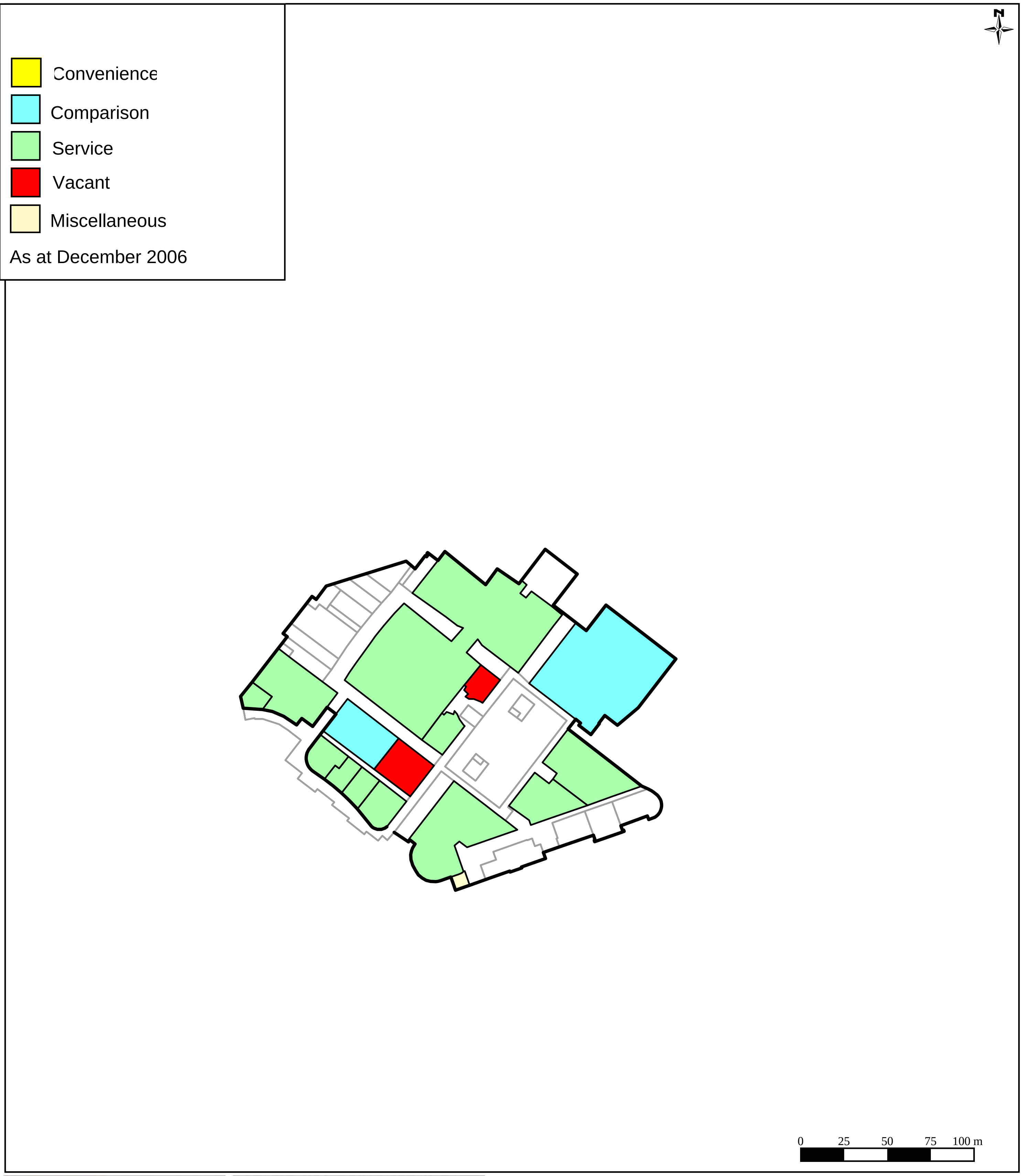

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