



State of Medway Report

Retail, Leisure and Culture

August 2009

- **Please note that this SOM (State Of Medway Report) was originally drafted in November 2008.**
- **Please also see our LDF evidence base studies. In some instances, these significantly update the information contained within SOM's.**
- **In particular, please see the NLP Retail Study (2009) which contains the most recent information available with regard to retail provision in Medway:**

<http://www.medway.gov.uk/index/environment/developmentplan/ldf/86082.htm>

State of Medway Report: Retail, Leisure and Tourism August 2009

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State of Medway Reports

This is one of a series of factual reports that are being produced to inform the preparation of Medway's Local Development Framework or LDF. Each deals with a specific topic and draws together available information from a variety of sources.

The reports are intended to establish the current position and a baseline for further work. They also help in highlighting gaps in the information base. We would be pleased to hear from any interested party about any information sources that have not been referred to or gaps that should be addressed in future work.

At this preliminary stage no attempt has been made to identify issues arising from this research or options for addressing such issues. That will follow over the next few months but we would be happy to receive any initial suggestions now.

If you would like to comment on or respond to this report please use one of the methods set out in our 'Engagement Protocol', which is being widely publicised.

To monitor progress being made on the LDF please regularly check our website at www.medway.gov.uk/ldf.

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1. Introduction

1.1 This State of Medway report draws on available evidence sources relating to retail, leisure and tourism activity. These include the Council's own survey records and a key study produced by DTZ Pida. Medway Council Commissioned DTZ in September 2004, to provide an assessment of Medway's main town centres and to provide a review of the future potential capacity and market demand for new retail and leisure facilities over the next 12 years and beyond. The study¹ was based on detailed street and household surveys, examining current shopping patterns and the evolution of the retail and leisure market and consultations with the Council and others to discuss how these might affect strategies for developing Medway's centres. The study also took account of the Waterfront Renaissance Strategy, which encompasses the town centres of Chatham, Strood, Rochester and Gillingham.

¹ DTZ Pida Consulting (2005) Retail and Commercial Leisure Study

- 1.2 The report also draws on the Councils 2007 Annual Monitoring Report that is available on the Councils web site².
- 1.3 Medway has a complex retail pattern:
- There are five traditional town centres: Chatham, Strood, Rochester, Gillingham and Rainham
 - A purpose built district shopping centre: Hempstead Valley
 - A range of local centres, including Twydall, Walderslade and Lordswood
 - A large number of local 'parades' of shops
 - A considerable but declining numbers of stand alone 'corner' shops
 - Three retail warehouse parks
 - A number of stand alone out of centre large stores.
- 1.4 Over the last 30 years or so the great majority of retail investment has been in out of centre locations with associated very limited investment in the main centres. In common with national and regional trends there has been a marked and continuing reduction in the number of small independent stores, particularly outside the main centres.
- 1.5 Medway Waterfront is the focus for Medway regeneration activity, with over 900 hectares of brownfield land across 14 sites, spanning 11 spectacular kilometres of the River Medway³.
- 1.6 Medway and the Thames Gateway region in which it sits are experiencing substantial regeneration, economic growth and housing development. Within Medway itself, major investment is being channelled into schemes such as Chatham Maritime, Rochester Waterfront, Gillingham Business Park and Finsbury peninsular. This is in addition to the Waterfront Strategy, which aims to promote economic and urban regeneration that will substantially improve the local economy and image of Medway as a place in which to invest and live.
- 1.7 The total available comparison goods spend in Medway retail catchment area is set to almost double from £2bn in 2004 to £3.6bn by 2016⁴. By 2016 this translates into a residual spend of £316m seeking new comparison goods floorspace after accounting for floorspace in the development pipeline⁵.

2. Policy Framework

- 2.1 There are a number of Planning Policy Statements (PPS's), Development Plan Policies, design guides / briefs, Supplementary

² http://www.medway.gov.uk/amr_2007_voll_final_inclpics.pdf pp 37-39

³ Medway Council (2005) Retailing in Medway

⁴ Medway Council (2005) Retailing in Medway

⁵ Medway Council (2005) Retailing in Medway

Planning Guidance, (SPG) and Supplementary Planning Documents (SPDs) that relate to retailing, leisure and tourism in the Medway Context. To describe these in detail in this document would not be feasible. Therefore, in order to manage this information in a reasonable way this section will provide a brief over view of the main strategies and policies.

- 2.2 The regional guidance for Medway are contained within Regional Planning Guidance for the South East (RPG9) and the Thames Gateway Planning Framework (RPG9a).

RPG9

- 2.3 RPG9 states that urban renaissance should incorporate mechanisms to revive town centres. Town centres have suffered from the last recession and from the diversion of investment to out-of-centre retail developments. To reverse this trend there is a need to focus retailing development in town centres and to avoid further development in out-of-centre locations.
- 2.4 It goes on to suggest that town centres should be the normal focus of retailing and services requiring accessibility by large numbers of people. The Region's existing network of larger town centres should be the focus for major retail, leisure and office developments, to support an urban renaissance, promote social inclusion and encourage more sustainable patterns of development.
- 2.5 In November 2004, RPG9 was amended by the addition of a new Chapter 14: Tourism and Related Sport and Recreation. This identified the Thames Gateway as a sub-regional priority for tourism in policy TSR7, which seeks to realise the potential for growth in business, sporting, environmental and attraction based tourism as part of the wider regeneration strategy for the Gateway.

RPG9a

- 2.6 RPG9a, the Thames Gateway Planning Framework, identifies the potential for high quality housing and business developments and the opportunities for these at Chatham Maritime, Rochester Waterfront, Gillingham Business Park and the Frindsbury Peninsula. It recognises the need to foster and protect Medway's historic heritage and its tourist potential. RPG9a requires attention to be focussed on the urban areas for the majority of new development needs, mainly on the many waterfront sites.

Planning Policy Statement (PPS) 6: Planning for Town Centres

- 2.7 This PPS covers town centres and the main town centre uses. The Government's key objective for town centres is to promote their vitality and viability by:

- planning for the growth and development of existing centres; and
- promoting and enhancing existing centres, by focusing development in such centres and encouraging a wide range of services in a good environment, accessible to all.

2.8 The main town centre uses that are considered are:

- retail (including warehouse clubs and factory outlet centres);
- leisure, entertainment facilities, and the more intensive sport and recreation uses (including cinemas, restaurants, drive-through restaurants, bars and pubs, night-clubs,
- casinos, health and fitness centres, indoor bowling centres, and bingo halls);
- offices, both commercial and those of public bodies; and
- arts, culture and tourism (theatres, museums, galleries and concert halls, hotels, and conference facilities).

2.9 PPS6 goes on to suggest that in promoting and enhancing existing centres, regional planning bodies and local planning authorities should consider the network of centres (i.e. the pattern of provision of different centres) and their relationship in the hierarchy. They should, amongst other things, assess the need for new floorspace for retail, leisure and other main town centre uses; identify deficiencies in provision; identify the centres within their area where development will be focused; define the extent of the primary shopping area and the town centre, identify and allocate sites; and develop spatial policies and proposals.

South East Plan (Submitted March 2006)

2.10 The Regional Assembly submitted the draft South East Plan to Government on 31st March 2006. After the EIP the Inspectors' report was published in August 2007. Government have considered making changes to the Plan and The Secretary of State published the Government's proposed changes in July 2008. These proposed changes were subjected to a 12-week consultation period ending in October 2008.

2.11 The Plan sets out a vision for the region through to 2026, which seeks to maintain a high quality of life and increase prosperity and opportunities for all, whilst nurturing and enhancing the region's environmental assets and increasing the efficiency with which resources are used.

2.12 The plan identifies 21 Regional Hubs that will be the focus for multimodal transport services supporting the concentration of land uses and economic activity and 'Medway Towns' being one of them.

2.13 In relation to Town Centres, policies TC1 to TC4 cover a range of topics such as the identification of the strategic network of Town

Centres. Chatham is identified as a Primary Regional Centre being the prime focus for large-scale leisure, office and culture and retail development.

- 2.14 In addition there are two retail policies to consider. Policy KTG4 states that Medway will further develop the functions of a city centre within Thames Gateway, providing higher education, retail and other services.
- 2.15 Policy KTG8 considers that in terms of the role of retail centres, a network of retail and service centres will be developed in which Dartford, Gravesend, Sittingbourne and, on a larger scale, the regional hub of Chatham, will be further developed as the major town centres at which new mixed retail, leisure and service uses will be concentrated.
- 2.16 Policies from TSR1 – TSR7 deal with tourism and related sports and recreation. They cover coastal resorts, rural tourism, regionally significant sports facilities and tourism attractions.

Kent and Medway Structure Plan (July 2006)

- 2.17 The KMSP was adopted in July 2006. The adopted plan forms part of the Development Plan for the areas of Kent County Council and Medway Council. Policies for ensuring the prosperity of strategic centres can be found between EP4 – EP18 and amongst other things cover policies as the strategic hierarchy of retail and services centres in Kent, development at the hierarchy of Strategic Centres and the sequential consideration of sites for Retail and Leisure Development.
- 2.18 More specific to Medway under Policy ME1 it states that Medway Proposals to regenerate Medway should focus upon the Medway Waterfront including central Chatham, Rochester Riverside and at Strood.
- 2.19 Major new town centre investment at Chatham on a scale appropriate to one of the region's principal urban centres will be supported, particularly in relation to new public transport capacity, employment provision, retail, cultural, tourism and leisure facilities.

Medway Local Plan ('s) adopted (May 2003)

- 2.20 The MLP reflects Medway Council's change to a Unitary Authority that took place in April 1998. Owing to the uncertainty about the redevelopment of the Defence Estates site at Chattenden the plan only runs until 27 September 2007 and not 2011. However, Under the *Planning and Compulsory Purchase Act 2004* Local Plan policies were saved for three years. After this time if there were no appropriate Local Development Documents adopted which could replace Local Plan policies, local planning authorities could apply to the Secretary of State to issue a direction to save policies until such time as they were replaced.

- 2.21 Medway Council consequently applied to the Secretary of State to save those policies and the Secretary of State issued a direction on 21 September 2007.

Key development opportunities that are critical to the implementation of the strategy area:

- 2.22 *Policy S5:* Medway's 'City' Centre states:-

Chatham town centre will be developed as the major, multi-use 'city' centre for Medway. Sites to cater for new retail development are allocated within the town centre, and any major comparison retail proposals should be located here. Qualitative improvements to convenience goods provision, which are well related to the core area, will be permitted.

- 2.23 *Policy S5,* therefore gives priority to the centre as the preferred location for new or replacement comparison retailing,
- 2.24 *Policy S7* identifies Rochester Riverside as an Action Area allocated for comprehensive redevelopment. This would include, amongst other things, small-scale retail development, new leisure facilities and a hotel.
- 2.25 *Policy S8* identifies Chatham Maritime as a mixed development Zone to include a factory outlet centre, a hotel, water based leisure use, tourist facilities and Class A3 uses (now developed).
- 2.26 *Policy S10* Temple Waterfront falls within the area defined by as the Strood Waterfront Action Area. Action Areas were originally identified in policy for comprehensive treatment by development, redevelopment or improvement.

Retail

- 2.27 The relevant retail policies in the Medway Local Plan Adopted May 2003 can be found within the Town Centre and Retailing chapter⁶. Policies R1 to R8 cover a mix of policy considerations relating to retailing across the hierarchy of shopping centres in the Medway areas. Policy R10 relate to Local Centres, villages and Neighbourhood centres. Policy R11 and R12 relate to Town Centre use and Mixed-use schemes. The remaining policies amongst other things relate to retailing and the sequential Approach, Amusement Arcades and changes of use.

Leisure

⁶ Medway Local Plan 2003 pp175- 204

- 2.28 The relevant policies from L1 to L13 in the Local plan can be found in the Leisure chapter⁷. These cover a range of issues including new leisure facilities, open space, playing fields, country parks, riverside paths, cycle ways, golf courses and water based leisure.

Tourism

- 2.29 Policies ED11 to ED16 of the 2003 Local Plan cover matters dealing with, existing and new tourist facilities, hotels, bed and breakfast accommodation and guest houses, self catering and tourist facilities for walkers and cyclists.

Rochester Riverside Development Brief⁸ (July 2004)

- 2.30 Rochester Riverside is a 32-hectare (74-acre) brownfield site, one of the most exciting development projects in the Thames Gateway. The site stretches from the A2 Rochester bridge southwards to Doust Way. The River Medway forms the eastern boundary of the site, while the London to Dover railway line forms the western boundary.

- 2.31 Indicative master plan⁹

- 2.32 Outline planning permission has been granted for a substantial new mixed use development at Rochester Riverside to include:

- up to 2,000 new mixed tenure homes;
- cafes;
- bars;
- restaurants,
- offices and shops;
- two new hotels, including one with conference facilities;
- a new 1.55 miles (2.5km) riverside walk;
- open spaces;
- parks and play equipment;
- creating new creeks;
- links to the historic city centre.

Chatham Centre and Waterfront Development framework (SPG) (July 2004)

- 2.33 The Medway Waterfront Renaissance Strategy (2004) sets out a development strategy for the waterfront for the next 20 years. The Strategy will ensure Medway is transformed into a new city of learning, culture, tourism and enterprise. To provide the basis for a deliverability

⁷ Medway Local Plan 2003 pp205 - 224

⁸ Rochester Riverside Development Brief July 2004

⁹<http://www.medway.gov.uk/index/environment/9995.html/9976.html/index/business/medwayrenaissance/sites/202-2.html>

strategy the Development Framework has been divided up into key project areas¹⁰:

The Brook and Upper High Street

- 2.34 Approximately 470 new residential units
Small-scale mixed-use ground floor leisure and retail of approximately 2,000 m²
Environmental enhancements along The Brook and Upper High Street
Landscape enhancements in the Town Hall gardens
A new urban square at the eastern end of the High Street

Library and Learning Resource & Civic Office

- 2.35 High quality facility, comprising:
New central library and learning resource;
Business centre;
The First Point of Contact centre;
New council offices;
New public square;
Regenerated St John's Church; and
Complementary retail units.

The Waterfront

- 2.36 Multi-use performing arts facility close to Sun Pier, together with hotel development
Visual arts cultural facility, centred on the re-use of historic buildings at Old Gun Wharf
Improved access and visibility for Chatham's historic assets including the Barrier Ditch and Fort Amherst, with interpretation facilities as part of mixed-use development at New Gun Wharf
Up to 550 new residential units, including affordable housing
Employment space and small-scale ground floor retail and leisure uses of approximately 5,000 m²
Major environmental improvements to the Waterfront Park
Riverfront promenade from Sun Pier to Old Gun Wharf
Enhanced public space at The Paddock

Shopping 'Heart'

- 2.37 Expansion and refurbishment of the Pentagon Centre to increase floorspace by approximately 15,000 m² (gross external)
A new food store of approximately 8,000 m² (gross external)
Approximately 220 new residential units
Ground floor retail of approximately 3,500 m²
Development of new multi-storey car park with over 800 spaces

¹⁰ Chatham Centre and Waterfront Supplementary Planning Document (May 2007) pp21-23

Approximately 500 additional multi-storey car parking associated with Pentagon Centre expansion/refurbishment

Sir John Hawkins Way / Highway Network

- 2.38 Removal of the Sir John Hawkins Way flyover
Removal of through-traffic from Sir John Hawkins Way & Globe Lane, with major environmental and streetscape improvements
New 'state of the art' on-street bus facilities, and improved taxi facilities close to the High Street & Pentagon Centre
Mixed use development of approximately 2,000 m2 along Sir John Hawkins Way

Best Street

- 2.39 Approximately 130 new residential units
Ground floor retail, leisure etc. of approximately 1,500 m2
Environmental enhancements along Best Street frontages and New Road as appropriate

Chatham Centre and Waterfront Supplementary Planning Document (May 2007) (Consultation Draft)

- 2.40 The purpose of this strategy is to further develop the principles and aspirations contained in the original Development Framework (see above) and provides clear planning and design guidance for developing the three masterplan areas.

- 2.41 The areas to be considered are:

*The Brook*¹¹

- 2.42 Approximately 860 new homes¹²
17,000sqm of new retail space¹³
13,299sqm of improved open space¹⁴
Up to 13,699sqm of new business space¹⁵.

*The Waterfront*¹⁶

- 2.43 Residential between approximately 291 and 419 units.
Retail between 6902sqm and 7772sqm
Food and beverage between 916sqm and 1127sqm
Hotel
Theatre

¹¹ Chatham Centre and Waterfront Supplementary Planning Document (May 2007) pp37

¹² Ibid N3 pp57

¹³ Ibid N3 pp57

¹⁴ Ibid N3 pp57

¹⁵ Ibid N3 pp58

¹⁶ Ibid N3 pp71 see table on pp98

*Station Gateway*¹⁷

- 2.44 Bus Station Area - a retail mixed use zone.
New Road Area - a zone promoting the evening economy
Station at least 450 residential units
Pub – a hotel led annex extension to the Alexandra pub of up to 2500sqm
Wickes Site - small scale residential and A1/3 uses and 30,000sqm office space

Star Hill to Sun Pier Planning and Design Strategy (SPG May 2004)

- 2.45 Purpose of the Strategy.
There is a need to promote and shape development and regeneration that makes the most of the opportunities and character of the area. It is important to sustain its historic environment whilst giving it a new and appropriate economic future within the context of a regenerated wider Medway Waterfront. This strategy provides guidelines and policies for the long-term management and development of the Star Hill Sun Pier area.

Gillingham Waterfront Development Brief (June 2004)

- 2.46 This development Brief provides scope for other employment generators within the overall site, such as food, drink, small-scale retail and leisure uses – focused around the public spaces of the pier area to create activity and encourage visitors to the area.

Pentagon Development Brief (Sept 2005)

- 2.47 One of the key projects in The Chatham Centre and Waterfront Development Framework is the proposed expansion and refurbishment of the Pentagon Shopping Centre, improving its frontage and entrances off The Brook, extending the prime retail area, integrating the centre with the high street and expanding the centre to provide a new, high quality frontage to The Paddock.

Temple Waterfront Development Brief¹⁸.

- 2.48 In relation to retailing this brief states that a local centre should be established within the site as a focus for the development. The centre should provide for a small convenience store of up to about 500m² and be capable of accommodating other local retail outlets and other supporting facilities. Other appropriate land uses which could be accommodated on the site include a nursery, specialist residential accommodation, a pub/restaurant, and a hotel.

¹⁷ Ibid N3 pp120

¹⁸ Temple Waterfront Development Brief pp76

Strood Riverside Development Brief (September 2006)

- 2.49 This Development Brief, which was adopted as a Supplementary Planning Document (SPD) in September 2006, has been prepared to reinforce the masterplan proposals and to elaborate upon key planning policy guidance. It seeks to achieve the vision of the masterplan by reinforcing the planning framework and providing more detailed guidance to inform any future planning application for the site. Amongst other things it proposes a new mixed use and includes small scale community, retail, leisure and commercial uses. It is envisaged that these units should be flexible enough to enable a change of use to take place in the future.

Gillingham Town Centre Planning Framework (SPD July 2007)

- 2.50 The Development Framework provides a spatial strategy to guide the future direction of Gillingham town centre regeneration.
- 2.51 There are three suggested stages/phases based on priorities over a 10-year period however the Framework should respond flexibly to opportunities as and when they arrive. Some larger and complex projects (e.g. the Core Retail site) may be initiated early but take time to complete.
- 2.52 For each phase approximate floorspace for different land uses is recorded. This is based on indicative capacity studies only and each site will need to be tested through detailed design and planning. Taken together the phases represent approximately 7,000 square metres of retail, 300 extra public car parking spaces, 4,750 square metres of office space, 2,250 square metres of leisure use, a new PCT of 2,000 square metres and some 200 new homes. It is likely this would be supplemented by other initiatives independent of the Development Framework.

Chattenden

- 2.53 For a full description of the policy background see the State of Medway Report on Chattenden. In short there is a clear and consistent policy context for the proposed new settlement. A figure of approximately 5000 residential units is quoted in a number of documents to be accommodated on the site. The Kent and Medway Structure Plan, 2006, makes reference to 5000 dwellings and 20-25ha of employment land. Clearly with this size of settlement some form of retailing will be required to meet everyday needs.

3. Hierarchy of Town Centres

- 3.1 According to the DTZ study The Sub regional town and city centre is Chatham. The District centres in Medway are Gillingham, Hempstead Valley, Rochester, Rainham and Strood.
- 3.2 PPS 6 suggests that in order to deliver the governments objectives of promoting vital and viable town centres, development should be focused in existing centres. To enable this to occur local planning authorities, amongst other things, should define a network and hierarchy of centres each performing their appropriate role to meet the needs of their catchment area¹⁹.

Main retail/city centres

- 3.3 In the 2003 Medway Local Plan²⁰ the hierarchy of centres is described as follows:

Main retail/city centres – Chatham

District centres – Strood, Gillingham, Rainham, Hempstead Valley Shopping Centre and Rochester.

Local Centres - Villages and neighbourhood centres - see policy R10 of the adopted Medway Local Plan 2003 for a full list.

Retail Parks – Gillingham Business Park, Horsted Retail Park, Strood Retail Park

Free Standing Stores – Courtney Road, Gillingham, Maidstone Road, Chatham.

- 3.4 PPS6 gives a general description of the types of centre and their main characteristics. It states that local centres, which are the smallest units considered by PPS6²¹ are a range of small shops of a local nature serving a small catchment. Included might be a small supermarket, a newsagent, a sub –post office and pharmacy. Other facilities could include a hot food take away and launderette. Therefore a range of smaller centres and parades across Medway fall outside the compass of the PPS6 hierarchy. The most recent Retail study 2005²² examines the total gross floorspace in the largest centres. In order, they are Chatham, Gillingham, Rainham, Strood, Rochester and Hempstead Valley.

¹⁹ PPS6 para 2.1 pp7

²⁰ Medway Local Plan 2003 para 6.2.1

²¹ PPS6 Annex A : Typologies

²² Ibid N1 pp23

- 3.5 A short summary of the key elements of each of the main centres as described in the DTZ study is set out below.
- 3.6 **Town Centre: Chatham** – is the largest centre in Medway, as measured by gross floorspace²³. It has twice the amount of floorspace of any other Medway centre and is the only centre that has increased in size over the last five years - from 102,153 sqm in 1998 to 147,024 sqm in 2003. In terms of floorspace, Chatham ranks 2nd out of all the centres considered. The only larger one was Bluewater²⁴.
- 3.7 As the main ‘city’ and retail centre for Medway, Chatham has improved its performance in recent years. However the survey indicated that there is potential for the centre to substantially improve its share of the market in line with the Councils regeneration aspirations. The Pentagon centre was established in 1975.

District Centres

- 3.8 **District Centre: Gillingham** - is the next largest centre in Medway²⁵ and is primarily a convenience and local service centre²⁶. Major occupiers include Somerfield, Co-op and Iceland²⁷. According to the DTZ study Gillingham has less comparison floorspace than the national average. The centre has good sports and leisure facilities. It is home to Gillingham Football Club and there is a large leisure centre located on the edge of the centre.²⁸ The catchment is also a popular destination for ‘bulky’ DIY goods and attracts a market share of 21% from the core area. This is largely due to the attraction of the out of town B&Q.²⁹
- 3.9 **District Centre: Hempstead Valley Shopping Centre** – is a modern self-contained centre which is dominated by multiple retailers. These account for 85% of total outlets, compared to the average for all the Medway Centres of 35%³⁰. According to the DTZ study its key attractions include easy access by car, free parking, a covered shopping centre and a good choice of larger department and variety stores. It is anchored by a large Sainsbury’s store, which is Kent’s largest food hypermarket³¹. The centre has poor leisure provision, but is served by various cafes and fast food outlets within its food court. The low level of leisure provision is due to a planning condition limiting the amount of leisure it can accommodate³². The centre catchment area is mostly from the outer rather than inner areas for convenience

²³ Ibid N1 para 3.09 pp23

²⁴ Ibid N1 para 3.09 pp23

²⁵ Ibid N1 para 3.09 pp23

²⁶ Ibid N1 second bullet point pp11

²⁷ Ibid N1 para 3.16 pp29

²⁸ Ibid N1 para 10.43 pp146.

²⁹ Ibid N1 para 10.43 pp146.

³⁰ Ibid N1 para 10.47 pp147.

³¹ Ibid N1 para 10.47 pp147.

³² Ibid N1 para 10.47 pp147.

shopping. This is explained by its location on the edge of Medway, with good access to the M2 motorway via junction 4³³.

- 3.10 **District Centre: Rochester** - Rochester is a historic and popular tourist destination. It has a wide range of attractions, including medieval town walls, a Norman Castle and Cathedral. It is a 'niche' retail and tourist centre³⁴. Although it has a below average level of comparison goods outlets and floorspace (particularly fashion and shoe shops), it has an above average representation of specialist shops (such as antiques shops, art dealers, booksellers and craft shops). This reflects its important role as a tourist and visitor destination³⁵. It has very few retail units over 929 sq.m (1,000 sq.ft), reflecting its historic environment and specialist retail offer³⁶.
- 3.11 **District Centre: Strood** - Strood acts as a gateway to Medway and its retail offer is predominantly convenience and service based³⁷. The centre is unique amongst the Medway centres, as its retail offer is partly anchored by a retail park behind the high street³⁸ and includes a large unit occupied by the supermarket chain Morrisons. According to the DTZ study many of the prominent retail units in the town centre date from the 1970s and have tired looking storage areas and vacant offices above. The centre is dominated by a busy one-way road system running through the town. The roads are narrow and there is little room for buses to stop, or for cars to unload. Despite recent improvements, nearly half of the centre survey respondents stated that the environment and facilities in Strood have remained the same over the last five years. The centre survey revealed the need to improve the retail offer with suggestions on more or better clothes and fashion stores, a better range of stores and more high street names³⁹.
- 3.12 **District Centre: Rainham**⁴⁰ - Rainham is the smallest District Centre measured by its floorspace (25,500 sq.m) and it has the second lowest representation of multiple retailers behind Rochester. It mainly functions as a convenience centre and primarily serves the day-to-day needs of its local resident population. DTZs centre survey has revealed that convenience shopping is the main attraction. Rainham attracts 15% of respondents for convenience goods purchases from the 'core' zone and Tesco is the most popular store. The most popular reason for visiting the centre is for 'top-up' food shopping, followed by main 'bulk' food shopping. This reflects its role as primarily a local convenience goods centre. Respondents to a survey identified the poor choice of

³³ Ibid N1 para 10.47 pp147.

³⁴ Ibid N1 para 10.52 pp148.

³⁵ Ibid N1 para 10.52 pp148

³⁶ Ibid N1 para 10.52 pp148

³⁷ Ibid N1 para 10.56 pp149

³⁸ Ibid N1 para 10.56 pp149

³⁹ Ibid N1 para 10.56 pp149

⁴⁰ Ibid N1 para 10.60 pp150

stores as a major weakness, particularly the lack of clothing and footwear stores. The main competing centre is Hempstead Valley.

4. Retail and Town Centre Development

Overview and Significant events

4.1 The Kent & Medway LSC⁴¹ produced a report on the Retail and Wholesale sector which identified the following trends:

- The retail sector is tied to the overall performance of the economy and, more specifically, to household income and consumer spending. While the retail sector has continued to enjoy growth in sales volume, it is particularly susceptible to changes in interest rates and consumer confidence. Price competition is particularly strong within the retail sector, with profit margins increasingly being squeezed
- Retailers have responded to this squeeze through greater use and exploitation of the latest technology
- A significant proportion of businesses in the retail and wholesale sector in Kent & Medway are micro-enterprises, with 86% employing between 1 and 10 workers
- This sector shows strong employment growth forecasts
- Females working on a part-time basis dominate employment in the retail sub-sector
- Retail and wholesale employers are less likely to report skills shortage vacancies in Kent and Medway than those across South East England as a whole.
- Estimates that 5,000 jobs will be created in the tourism, retail, cultural and creative industries sector by 2026⁴².

4.2 The Medway Annual Monitoring Report 2007 (covering the period April 2006 – March 2007) highlighted the following key developments:

- A major fire destroyed the Matalan retail outlet in Strood. There are proposals to rebuild the store with a revised site layout and additional units (scheme now complete)

⁴¹ <http://www.lsc.gov.uk/kentandmedway/> and <http://www.lsc.gov.uk/>

⁴² <http://www.medway.gov.uk/index/business/63825.htm>

- M & S opened a new store in the Dockside Outlet Centre, however it's Chatham High Street branch closed (subsequently occupied by TK Maxx)
- The Co-op department stores in Gillingham, Chatham and Strood closed, but the Strood shop was immediately reoccupied by Sports Direct (Over half the Chatham store now occupied by New Look with the remainder vacant; Gillingham store sub-divided with Wilkinson's occupying the main part)
- The Gillingham Town Centre Development Framework Consultation Draft was published in January 2007 (and subsequently adopted)
- St Modwen Properties PLC was chosen as the Council's preferred 'investment partner' (negotiations continuing on the detailed contractual arrangements)
- The Pentagon Shopping Centre was bought out by BHL Ltd, a joint venture between Dublin based wealth management specialists Davy Private Clients and property developer Duignan and McCarthy.

4.3 The following tables and charts are taken from the AMR 2007⁴³.

Table 27: Retail summary statistics

A1 - A5 summary statistics; planning consents valid 1 April 2006 to 31 March 2007

	A1 (sq.m.)	A2 (sq.m.)	A3 (sq.m.)	A4 (sq.m.)	A5 (sq.m.)
Completions					
Development completed in survey period	17056	656	320	0	85
Lost due to redevelopment/reconstruction	-9421	-1580	-505	-347	-96
Net Completions	7635	-924	-185	-347	-11
Commitments					
Not started	30155	2638	7548	1612	1959
Under construction	7023	137	2369	95	0
Completed but vacant	0	0	0	0	0
	(37178)	(2775)	(9917)	(1707)	(1959)
Potential losses	-10307	-1989	-172	-563	0
Net Commitments	26871	786	9745	1144	1959
Exclusions					
Expired	-260	-278	791	0	0
Other exclusions	2907	-1346	404	0	79
	2647	-1624	1195	0	79

Notes Permissions prior to 1 April 2005 will not include the categories A4 or A5.
 Positive figures in the Exclusions section indicate an intended loss of floorspace which is now clawed back due to the consent being excluded.
 A1 = shops
 A2 = Financial and professional services
 A3 = Restaurants and cafes
 A4 = Drinking establishments
 A5 = Hot food takeaways

⁴³ http://www.medway.gov.uk/amr_2007_vol1_final_inclpics.pdf

4.4 This indicated continuing investment in the sector with completions strongly linked to pre-lets. Equally there were some net losses, most of which will have involved single stand alone units and units in smaller shopping parades.

Table 28: Commercial and Leisure summary tables

Other commercial and leisure summary statistics; planning consents valid 1 April 2006 to 31 March 2007

	C1 (beds)	C2 (beds)	D1 (sq.m.)	D2 (sq.m.)	SG (sq.m.)
Completions					
Development completed in survey period	46	13	15342	3864	334
Lost due to redevelopment/reconstruction	-6	-53	-1841	-434	335
Net Completions	40	-40	13501	3430	669
Commitments					
Not started	412	36	59191	3645	22714
Under construction	93	0	8628	10127	0
Completed but vacant	0	0	0	0	0
	(505)	(36)	(67819)	(13772)	(22714)
Potential losses	-58	-12	-38139	-3544	-3528
Net Commitments	447	24	29680	10228	19186
Exclusions					
Expired	0	0	0	0	0
Other exclusions	24	0	1756	0	-322
	24	0	1756	0	-322

Notes. Permissions prior to 1 April 2005 will not include the category SG.

Positive figures in the Exclusions section indicate an intended loss of floorspace which is now clawed back due to the consent being excluded.

C1 = Hotels

C2 = Residential Institutions

D1 = Non – residential institutions

D2 = Assembly and leisure

SG = Sui generis

4.5 This shows a modest increase in hotel space and substantial floorspace increases in the institutional and commercial leisure sectors.

Chart 9: Net completions A1 to A3

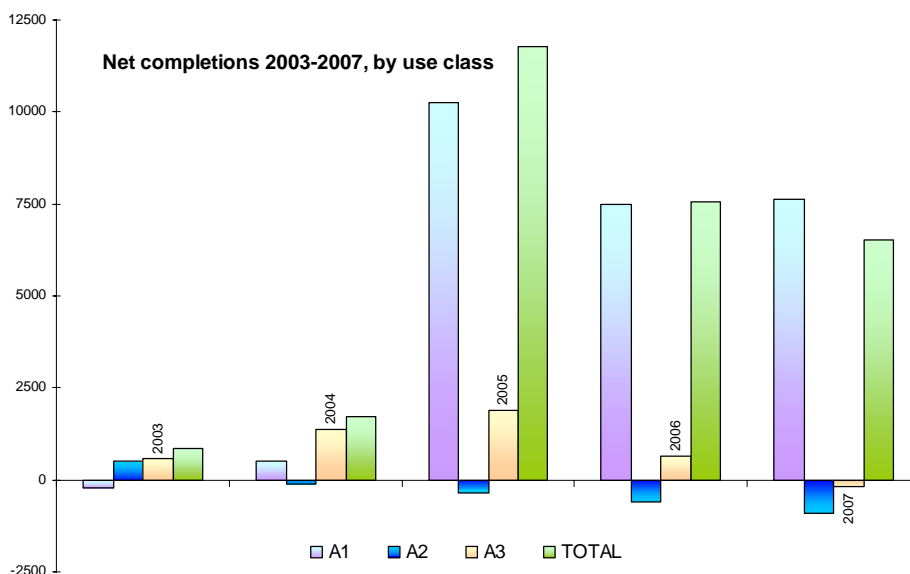


Table 29: Gross completions in town centres 1 April 2006 to 31 March 2007

Use	% of completions in Town Centres
A1	2%
A2	96%
A3	16%
A4	0%
A5	0%
D1	19%
D2	0%

- 4.6 This shows that new retail development was almost exclusively located outside of the main town centres, in contrast to professional and financial services. Other developments were also concentrated out of centre.

Table 30: Town Centre Activity

Use	Losses	Gains	Net
A1	1140	322	-818
A2	870	629	-241
A3	0	51	51
A4	0	0	0
A5	96	0	-96
D1	170	2909	2739
D2	0	0	0

- 4.7 This table confirms the trend towards consolidation of Class A1 retail uses in the town centres but substantial growth in D1 floorspace.

5. Key Indicators

Vacancy Levels⁴⁴

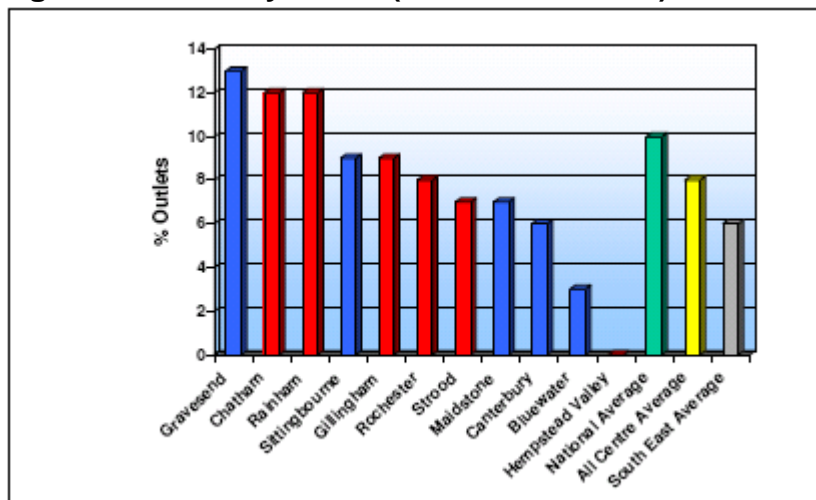
- 5.1 Vacancy rates provide a good indication of the relative health of centres. Large numbers of empty properties, particularly where associated with long-term vacancies, can point to local performance problems and a lack of investor confidence. Vacant units can also have a negative impact on the perceived attractiveness of a centre.
- 5.2 Figure 1⁴⁵ shows that vacancy levels (expressed as a proportion of total outlets) are below the national average of 10% in Gillingham, Rochester, Strood and Hempstead Valley. Chatham and Rainham have vacancy levels of 12%. In Rainham, Wilkinson's has recently taken a single unit of 1,500 sq.m at the Rainham Precinct.

⁴⁴ Ibid N1 para 3.41 pp37

⁴⁵ Ibid N1 Fig 3.15 pp37

- 5.3 At 1998, Goad data indicates that the vacancy rate in Chatham was 14%. However, the 1999 Retail Study notes that the vacancy rate in Chatham in 1998 was actually 12% due to a number of new lettings. It would therefore appear that vacancy levels in Chatham have remained static over the last seven years.
- 5.4 DTZ's audit indicates that the main concentration of vacancies in all of the centres are within the secondary/tertiary shopping areas. The vacant outlets are predominantly smaller and older units that are typically more difficult to let.

Figure 1: Vacancy levels (% of total outlets)



Source: Experian Goad Category Report, All Outlets, Outlet Count, 2003

Retail Rents⁴⁶

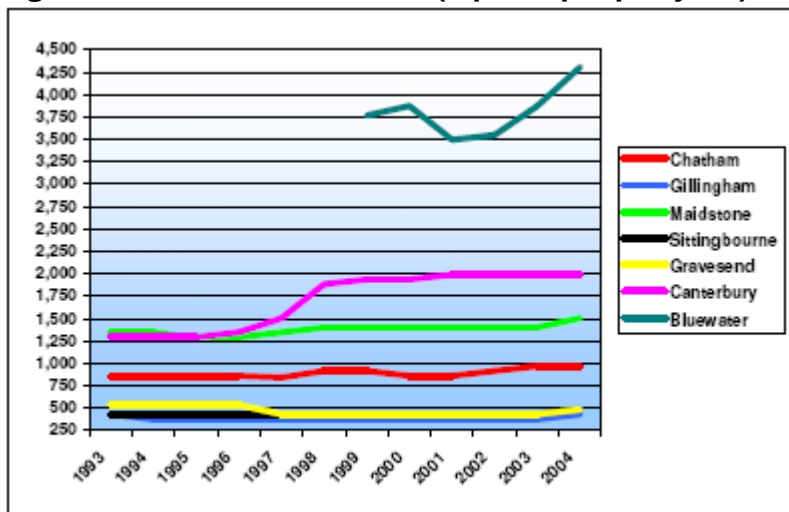
- 5.5 Rental levels provide a useful indicator of a centre's viability. Rental data is only available for Chatham and Gillingham, as the other centres in Medway were too small for DTZ to monitor, but comparisons can be made with the benchmark centres (see Figure 2⁴⁷).
- 5.6 Rental evidence indicates the following:
- **Chatham's** prime Zone A rent stands at approximately £969 per sq.m rising from £861 per sq.m in 2000.
 - **Gillingham** has the lowest rental levels of all the centres shown. Gillingham's rental values have increased very slowly over the last eight years from £377 per sq.m in 1996 to £431 per sq.m in 2004.

⁴⁶ Ibid N1 para 3.46 pp38

⁴⁷ Ibid N1 Figure 3.16 pp38

- **Sittingbourne and Gravesend** have relatively low rental values which have remained relatively constant over the last eight years.
- Rents in **Maidstone** have increased since 2003, which is likely to have been fuelled by the development of Fremlins Walk.
- **Canterbury** has the highest rental levels of all of the 'traditional' town centres and has shown strong levels of growth in retail rental values since 1996, which can be attributed to the opening of the Whitefriars shopping centre.
- **Bluewater** experienced a dip in prime Zone A's during 2000/2001, but rental values have since risen to a high of £4308 per sq.m in 2004.

Figure 2: Zone A rent levels (£ per sq.m per year)



Source: Colliers CRE In-Town Retail Rents (2004)

Retail yields

- 5.7 The yields quoted are "all risk yields" calculated by dividing the annual rent by the capital value or sale price of the property. The "all risk yield" is a simple benchmark which the property market uses to assess the comparative attractiveness of different shopping centres. It is the ratio of rental income to capital value and is expressed in terms of the open market rent of a property as a percentage of the capital value.
- 5.8 The level of yield broadly represents the market's evaluation of the risk and return attached to the income stream of shop rents. The market's assessment of return, and the rental growth which would drive this, is influenced by factors such as population and economic growth and level of affluence in the catchment area, together with attractiveness to visitors. The assessment of risk takes into account whether the demand by retailers to occupy the property might fail. This can happen not only if the spending power in the catchment area experiences a

decline but also if there is competition from alternative premises, both within the town centre and outside it.

- 5.9 Factors that affect yield are complex, and need to be interpreted with reference to each individual circumstance in each individual town. Broadly speaking, however, low yields indicate that a town is considered to be attractive and as a result be more likely to attract investment than a town with high yields.
- 5.10 As a measure of retail viability, yields are a valuable indicator but one that needs to be used with care. The level of yield on its own is of less value than in comparison with other yields at different points in time and in different locations. Yields measured consistently over time can give an indication of the direction in which a particular town centre is moving.

Table 6

Centre	Jan-04	Jan-05	Jan-06	Jan-07	Jan-08	Decrease
Canterbury	5.00	4.50	4.50	4.00	4.00	-1
Tunbridge Wells	5.50	5.50	5.50	5.00	4.75	-0.75
Maidstone	6.00	6.00	5.75	5.50	5.00	-1
Bluewater	5.50	5.00	5.00	5.25	5.00	-0.5
Tonbridge	6.00	6.00	6.00	5.50	5.00	-1
Sevenoaks	6.00	6.00	6.00	5.50	5.00	-1
Ashford	6.50	6.50	6.50	5.50	5.25	-1
Chatham	8.00	7.00	6.25	6.00	5.75	-2.25
Folkestone	7.50	7.00	7.00	6.00	5.75	-1.75
Deal	7.50	7.25	7.25	6.25	5.50	-2
Dover	7.75	7.50	7.50	6.25	5.75	-2
Margate	7.75	7.50	7.50	6.50	6.00	-1.75
Ramsgate	7.75	7.50	7.50	6.25	5.75	-2
Sittingbourne	9.00	8.50	7.75	6.75	5.75	-3.25
Faversham	8.50	8.00	7.50	6.75	6.00	-2.5
Tenterden	9.00	8.50	8.00	7.25	6.50	-2.5
Hempstead Valley	9.00	7.00	7.00	7.25	6.50	-2.5
Gillingham	10.00	9.00	7.75	7.50	6.50	-3.5
Hythe	9.00	8.50	8.50	7.50	6.50	-2.5
Dartford	9.00	8.00	7.75	7.50	6.50	-2.5
Gravesend	9.00	8.00	7.75	7.50	6.50	-2.5
Sheerness	>=10	9.00	8.75	8.50	7.00	-2.5

- 5.11 Table 6 shows how Gillingham, Hempstead Valley and Chatham have performed over a 4 year period against other shopping centres in Kent. It clearly shows that yields have decreased for these Medway shopping areas. This could indicate an increase in confidence by landlords, which in turn may show that retailing has improved for these shopping centres. More information can be found on the valuation Office Agency⁴⁸ web site

⁴⁸ http://www.voa.gov.uk/publications/property_market_report/pmr_jan_08/shopping-yields.htm

6. DTZ STUDY MAIN FINDINGS

Populations and Spend Forecasts⁴⁹.

6.1 Household Survey Zones as study area baseline scenarios for estimated population and available spend at a 2004 base year were carried out. Figure 3 shows the household Survey Zones.

Figure 3⁵⁰: Household Survey Zones

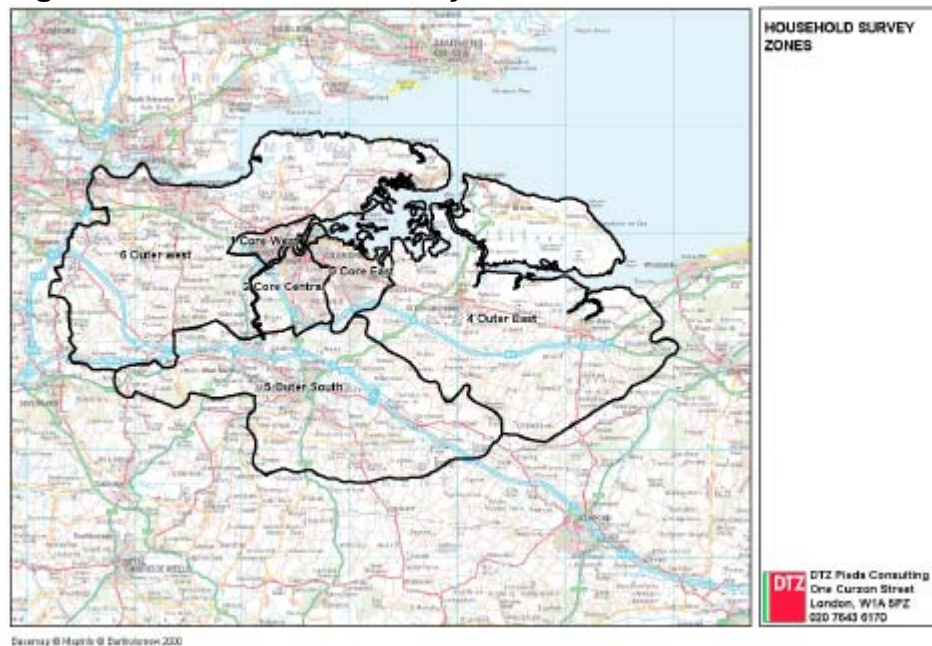


Table 7

Baseline Scenario: Estimated Population and Available Spend at Base Year (2004)					
Zones	Population	Total Available Spend (£million)		Total Spend Growth 2004 – 2026 (%)	
		Non-Food	Food	Non-Food	Food
'Core' Area	236,721	£659.9m	£363.9m	174.2%	11.1%
Zone 4	124,062	£338.6m	£189.1m	174.8%	11.4%
Zone 5	157,532	£470.8m	£252.9m	175.4%	11.6%
Zone 6	199,992	£566.2m	£311.2m	187.2%	16.4%
TOTAL:	718,307	£2,035.5m	£1,117.0m	178.2%	12.7%

Source: DTZ *ReMap*, (Appendix 8 & 12, Stage 1)

6.2 Using key assumptions⁵¹ in their 2005 Study, DTZ in Table 7⁵² show that the total potential available spend on comparison goods will increase by 178.2% between 2004 and 2026. In contrast, spend on convenience goods is forecast to increase by only +12.7% over the

⁴⁹ Ibid N1 para 8.08 pp109

⁵⁰ Ibid N1 figure 5.1 pp65

⁵¹ Ibid N1 pp109-110 para 8.08

⁵² Ibid N1 Table 2 pp110

same period according to the baseline scenario, rising to +31.4% using the higher annual spend growth rate. The table confirms the significant forecast growth in the comparison goods market benchmarked against the growth in convenience goods retailing. This clearly has important implications for the capacity for new retail development in these two retail sectors.

Market share Estimates⁵³

6.3 Table 8⁵⁴ shows the 'adjusted' and 'unadjusted' market shares and confirms the relative strength and attraction of Medway's main centres and stores (particularly Chatham, Gillingham, Rochester, Strood and Hempstead Valley), compared to the Borough's smaller villages and shops (which are included in the 'other shops and stores' category). The table also highlights the significant 'leakage' of shoppers and spend to the larger centres and stores outside the Borough. The headline results are as follows:

- The 'unadjusted' market shares indicate that the Borough's six main centres are achieving a combined market share of just over 68% of comparison goods spend in the 'core' area (adjusted downwards to 64% by DTZ) and over 85% for convenience goods retailing (adjusted downwards to 78% by DTZ).
- This higher 'retention level' for convenience goods shopping reflects the fact that people generally travel shorter distances for their main 'bulk' and 'top-up' food purchases.
- There is a significant 'leakage' of shoppers and spend to centres and stores outside the 'core' area. In particular, the three larger centres comprising of Bluewater, Lakeside and Maidstone achieve an 'adjusted' market share for comparison goods retailing of 19% within the 'core' area, although this falls to under 0.2% for convenience goods spend.

⁵³ Ibid N1 pp112

⁵⁴ Ibid N1 Table 3 pp114

Table 8

Comparison and Convenience Goods Retailing				
Potential Market Shares of Centres and Stores in the 'Core' Area (%)				
	Comparison Goods		Convenience Goods	
	Unadjusted	Adjusted	Unadjusted	Adjusted
Chatham	26.5	26.0	17.0	12.0
Chatham – Out-of-Centre	7.9	7.5	19.1	19.1
Gillingham	9.2	7.5	3.8	3.5
Gillingham – Out-of-Centre	7.6	4.5	0.7	1.2
Hempstead Valley	3.3	6.0	8.2	12.0
Rainham	0.7	1.6	5.5	3.5
Rainham – Out-of-Centre	0.5	0.3	11.6	14.5
Rochester	4.0	4.0	0.0	0.3
Rochester – Out-of-Centre	2.5	0.5	1.7	0.5
Strood	6.2	6.0	16.4	11.0
Sub-Total:	68.4	63.9	84.6	77.6
Bluewater	9.6	9.5	0.0	0.0
Canterbury	0.6	0.5	0.0	0.0
Dartford	0.0	0.0	0.2	0.2
Gravesend	0.9	1.0	0.5	0.5
Lakeside	2.0	2.0	0.0	0.0
Maidstone	7.7	7.5	0.2	0.2
Sittingbourne	0.1	0.0	0.0	0.0
Other Shops and Stores ⁽¹⁾	3.1	8.0	11.3	18.3
Special Forms of Trading ⁽²⁾	7.6	7.6	3.2	3.2
Sub-Total:	31.6	36.1	15.4	22.4
TOTAL⁽³⁾:	100	100	100	100
Source:	Derived from Household Surveys. Also see DTZ <i>ReMap</i> , (Appendices 8 - 13, Stage 3)			
Notes:	<ol style="list-style-type: none"> 1. "Other shops and stores" comprises all other comparison and convenience goods floorspace both within and outside of the 'core' (District) area that is not specified above. 2. Based on MapInfo research, we also assume that 7.6% of comparison goods spend is on 'special forms of trading' (SFT). This pertains to spending that does not take place in shops (i.e. vending machines, mail order and Internet shopping). We have made a similar, albeit lower, adjustment of 3.2% to the convenience goods spend, based on MapInfo research. 3. Figures may not sum due to rounding 			

6.4 DTZ also consider that Chatham in particular will potentially 'claw back' a proportion of the shoppers (and comparison goods spend) currently leaking to these major shopping locations. This is based on the assumption that the planned regeneration may lead to a revival of the retail status of the centre. DTZ test this 'claw back' scenario for non-food retailing only as part of the '*regeneration and growth*' scenario(s) (Appendix 9 - 11). DTZ test three scenarios where Chatham's market share in the core area grows by 10%, 20% and 30% respectively, over the period 2004 – 2026.

Retail Capacity Assessment⁵⁵

⁵⁵Ibid N1 pp117

6.5 This analysis sets out DTZs assessment of the capacity for new comparison and convenience goods retail floorspace at 2008, 2012, 2016 and 2026. Please note that none of their calculations include inflation and are expressed in terms of constant 2001 prices. Broadly their capacity assessments are based on the following critical assumptions:

- **Equilibrium at the base year** – DTZ has assumed that all existing floorspace and retail businesses are trading at equilibrium at the base year.
- **Turnover efficiency** – DTZ assume a proportion of the forecast growth in spend will be allocated to existing floorspace and businesses to allow for their increased turnover ‘efficiency’.
- **Derived & Potential Turnover** – The growth of existing retail floorspace is constrained using an ‘efficiency’ ratio

Comparison goods retail capacity assessment⁵⁶

6.6 Stage 7 of the *Re:Map* model (see Appendix 8 of Volume 2) sets out the potential residual expenditure for new non-food floorspace in Medway’s main town and district centres up to 2026. Table 4⁵⁷ shows DTZ’s forecasts indicate that the ‘global’ (study area) residual comparison goods expenditure is as follows:

Table 9

Comparison goods residual spend forecasts, 2004 – 2026 (£m)					
£ million	<u>2004</u>	<u>2008</u>	<u>2012</u>	<u>2016</u>	<u>2026</u>
Scenario 1:	0	89	201	342	863

Source: DTZ *ReMap*, (Appendix 8, Stage 7)

6.7 In accordance with PPS6 (and specifically the ‘sequential approach’), these residual spend forecasts comprise both the forecast growth for the main Medway centres, as well as the growth forecast for existing non-town centre floorspace (over and above their ‘efficiency’ levels).

6.8 The ‘global’ residual spend forecast set out in Table 9 does not take into account the current planned retail floorspace commitments. To forecast the potential turnover of commitments DTZ have applied a range of sales densities described in Table 10⁵⁸ below. On this basis, DTZ forecast that the commitments could achieve a total comparison goods turnover of £20 million in 2008.

⁵⁶ Ibid N1 pp118

⁵⁷ Ibid N1 Table 8.5 pp118

⁵⁸ Ibid N1 Table 8.6 pp118

Table 10 Potential Turnover of Commitments in 2008 (1)

Potential Turnover of Commitments in 2008 ⁽¹⁾				
Centre	Application No:	Net Additional Floorspace (Net - sq.m.)	Applied Sales Density	Potential Turnover (£m)
Strood	MC20011057	794	1,932 ⁽²⁾	1.5
Chatham	MC20032663	320	1,714 ⁽³⁾	0.5
Gillingham	MC20020004	8,930	2,022 ⁽⁴⁾	18.1
TOTAL				20.1
Notes:				
(1) Source: DTZ ReMap, (Appendix 8, Stage 8a)				
(2) The applicants are Morrisons and the area quoted is for non-food retailing. We have assumed an average comparison goods sales density of £5000/sq.m in 2004, which grows to £5,307/sq.m in 2008 by applying an efficiency factor of 1.5%. To note that that to inform our judgement DTZ has drawn on the latest research by Verdict which provides average sales densities for comparison goods across all locations to be in the range of £4,000/sq.m and £6,000/sq.m.				
(3) A sales density of £1,614/sq.m has been applied (for 2004), and grown by an efficiency factor of 1.5% to £1,932/sq.m in 2008. This is a DTZ estimate and has been based on the fact that according to the Council no specific retailers have been identified. DTZ have been informed that the retail units proposed are likely to be a range of smaller shops aimed at complementing the adjacent Factory Outlet Centre e.g. gift type shops, some fashion and others with connections with the Historic Dockyard.				
(4) The applicants are B&Q. A Mintel derived sales density of 1,905 /sq.m (in 2004) has been grown by an efficiency factor of 1.5% to £2,022/sq.m (in 2008).				

6.9 Assuming that these commitments will trade at the turnover level of £20m, Table 11⁵⁹ sets out the revised residual spend forecasts.

Table 11

Revised net comparison goods residual spend forecasts, 2004 – 2026					
<i>Strips out the potential turnover of new commitments</i>					
£ million	<u>2004</u>	<u>2008</u>	<u>2012</u>	<u>2016</u>	<u>2026</u>
Scenario 1:	0	66	177	316	833
Source: DTZ ReMap, (Appendix 8, Stage 8b)					

6.10 The 'global' residual spend forecasts derived in Stage 7 can be converted into net comparison goods space by applying average sales densities that are broadly equivalent to the trading performance of new stores and retail businesses.

Table 12

Average Sales for high street retailers		
Retailer name	Sales Density (£/sq.m)	
	Average 1997 – 2003/04	Average 2000 – 2003/04
Dixons	9,623	10,108
John Lewis Plc	5,113	5,316
Laura Ashley UK	3,685	3,778
Marks & Spencer (non-food)	4,736	4,468
Ottakar's Plc	3,290	3,440
The Pier Retail Group Ltd	3,027	3,186
Average across retailers	4,912	5,049
Source: Mintel Interactive 2005		

⁵⁹Ibid N1 Table 8.7 pp119

- 6.11 Based on the available research evidence and DTZ's own judgment as to the trading performance of town centres and shopping centres as a whole, they test average sales densities for new comparison goods retailing of £4,000 per sq.m and also a higher average of £6,000 per sqm at 2004. When applied to the residual spend forecasts in Table 11, these average sales densities result in the following 'global' floorspace capacity figures in Table 13⁶⁰ :

Table 13

Comparison goods floorspace capacity, 2004 – 2026 (sq.m net)					
£ million	<u>2004</u>	<u>2008</u>	<u>2012</u>	<u>2016</u>	<u>2026</u>
Scenario 1:	0	10,400 - 15,500	26,200 - 39,300	44,100 - 66,200	100,100 - 150,100

Source: DTZ ReMap, (Appendix 8, Stage 8c)

- 6.12 By way of background, the 1999 Hillier Parker study identified the capacity for some 14,400 sq.m net of floorspace in 2006, rising to 30,400 sq.m net by 2011. By comparison their baseline projections indicate a total comparison goods floorspace capacity in 2016, of between 44,100 sq.m net – 66,200 sq.m net, after taking into account existing commitments. Nevertheless, DTZ accept that the Borough may not be in 'equilibrium' at 2004, meaning that there could be 'pent-up' capacity, leading to the potential for more new comparison goods retailing.
- 6.13 DTZ has also provided an indicative breakdown of the capacity forecasts on a centre-by-centre basis. These forecasts incorporate figures for both town and out-of-centre in line with policy guidelines, but should not be taken as the final word on what level of capacity a particular centre needs or should have. The forecasts merely reflect the capacity each centre could in theory support if it was allocated its share of overall growth according to its current attraction. Policy may decide to change the balance between centres, in which case these forecasts would change.

Table 14

Scenario 1: Forecast Capacity for New Comparison Goods Floorspace (sq.m net)			
	2012	2016	2026
Chatham	16,100 - 24,200	25,800 – 38,800	56,400 – 84,500
Gillingham	2,500 – 3,700	5,600 – 8,500	15,700 – 23,500
Hempstead Valley	2,900 – 4,400	4,700 – 7,000	10,100 – 15,200
Rainham	600 – 900	1,000 – 1,500	2,100 – 3,200
Rochester	1,900 – 2,900	3,200 – 4,700	6,900 – 10,300
Strood	2,100 – 3,200	3,800 – 5,700	9,000 – 13,500
Total	26,200 – 39,300	44,100 – 66,200	100,100 – 150,100

Note:
The floorspace capacity figures are derived from the use of the average sales density of £6,000/sq.m and £4,000/sq.m respectively.
These figures take into account existing commitments listed in Table 8.2
Figures may not sum due to rounding

⁶⁰ Ibid N1 Table 8.9 pp120

6.14 The forecasts in Table 14⁶¹ are derived from the baseline assessment (Scenario 1). These forecasts are based on current trends and do not reflect the potential regeneration effect on Chatham as part of the broader Chatham Centre Waterfront Strategy (CCWF) vision. The potential effect of the regeneration and development on Chatham is provided under Scenario(s) 2 to 4. This tests Chatham's market share growing in the 'core' area by 10%, 20% and 30% respectively, over the period 2004 – 2026. The forecast capacity under these scenarios is provided in Table 15⁶², which shows an increase in potential floorspace when compared to the baseline forecast.

Table 15

Scenario 2 - 4: Chatham Town Centre – Regeneration & Growth Scenarios Comparison Goods Floorspace Forecasts (sq.m net)			
	Scenario 2 10% clawback	Scenario 3 20% clawback	Scenario 4 30% clawback
2012	18,300 – 27,400	20,600 - 30,900	23,000 – 34,500
2016	29,500 – 44,300	33,500 – 50,300	37,700 – 56,600
2026	65,500 – 98,300	75,900 – 113,800	87,000 – 130,500
Note: The floorspace capacity figures are derived from the use of the average sales density of £6,000/sq.m and £4,000/sq.m respectively. These figures take into account existing commitment for Chatham listed in Table 8.2 Figures may not sum due to rounding			

6.15 The comparison goods capacity scenarios (1 to 4) do not take into account the potential increase in new floorspace as proposed by the CCWF. This is because the floorspace figures are 'vision' led estimates at the time of writing this report. The breakdown of floorspace gains and losses by goods type (as proposed under the CCWF) is provided in Table 16⁶³.

⁶¹Ibid N1 Table 8.10 pp120

⁶² Ibid N1 Table 8.11 pp121

⁶³Ibid N1 Table 8.12 pp121

Table 16

Chatham Centre Waterfront Strategy : Estimates of Floorspace Gains and Losses by Goods Type (sq.m gross)						
Project Area	Floorspace Proposed		Floorspace Lost		Net Gain / Loss	
	Convenience [A]	Comparison [B]	Convenience [C]	Comparison [D]	Convenience [A – C]	Comparison [B – D]
The Brook and Upper High Street	100	1,000	4,270	0	(4,170)	1,000
Waterfront	0	1,250	0	2,230	0	(980)
Shopping Heart	6,800	14,600	0	4,600	6,800	10,000
Sir John Hawkins Way	0	300	0	0	0	300
Best Street	75	450	0	0	75	450
Total	6,975	17,600	4,270	6,830	2,705	10,770

Source: Medway Council
Note: (brackets = negative)

6.16 Based on the above, DTZ provide a broad assessment of the effect this proposed floorspace may have on the global residual spend. Focusing on the comparison goods floorspace and assuming that this floorspace is built by 2016, the turnover generated is detailed in Table 17⁶⁴ below:

Table 17

Potential comparison goods turnover generated by new floorspace proposed as part of CCWF in 2016 (£m)			
Gross Floorspace (sq.m)	Net Floorspace ⁽¹⁾ (sq.m)	Assumed Sales Density (£/sq.m)	Turnover (£m)
10,770	7,539	5,978	45

Notes:
(1) Assuming a gross to net ratio of 70%
(2) Assuming £5,000/sq.m in 2004, grown by an efficiency factor of 1.5% to 2016

6.17 The effect of this new floorspace results in a reduction in the 2016 global residual spend (under Scenario 1) to £271m (from £316m). This inevitably results in the range of the overall capacity decreasing in 2016 to 37,800 sq.m net – 56,700 sq.m net1 from 44,100 sq.m net – 66,200 sq.m net under Scenario 1.

Convenience goods retail capacity assessment⁶⁵

6.18 Stage 7 of the *Re:Map* model (see Appendices 12 and 13 of volume 2 of the DTZ Study) sets out the potential residual expenditure for new convenience goods floorspace in Medway's main town and district

⁶⁴ Ibid N1 Table 8.13 pp122

⁶⁵ Ibid N1 pp122

centres up to 2026 based on the two different scenarios of spend growth. In Table 18⁶⁶ the forecasts indicate that the 'global' (or Borough-wide) residual expenditure is as follows:

Table 18

Convenience goods residual spend forecasts, 2004 – 2026 (£m)					
£ million	<u>2004</u>	<u>2008</u>	<u>2012</u>	<u>2016</u>	<u>2026</u>
Scenario 1:	0	7.5	15.1	22.9	43.1
Scenario 2:	0	13.7	28.3	43.7	86.5

Source: DTZ *ReMap*, (Appendix 12 - 13, Stage 7)

- 6.19 As for comparison goods, these 'global' residual spend estimates comprise the forecast growth for both town and district centres in Medway, as well as existing out-of-centre floorspace.
- 6.20 DTZ assume that the 4,501 sq.m net potential Morrisons store on Knight Road in Strood will trade at the national company average sales density c. £12,136 per sq.m., which is equivalent to a total convenience goods turnover of over £55 million. This has been deducted from the residual spend forecasts set out in Table 19⁶⁷ (on the basis that it does not replace any existing store) to produce the following revised forecasts.

Table 19

Convenience goods residual spend forecasts, 2004 – 2026 (£m)					
<i>Strips out turnover potential of new commitments</i>					
£ million	<u>2004</u>	<u>2008</u>	<u>2012</u>	<u>2016</u>	<u>2026</u>
Scenario 1:	0	(47.1)	(39.5)	(31.7)	(11.5)
Scenario 2:	0	(41.6)	(27.7)	(12.9)	28.1

Source: DTZ *ReMap*, (Appendix 12 - 13, Stage 8a)

Note: (brackets = negative)

- 6.21 The table shows after factoring the commitment in Strood, under both scenarios there is no surplus spend to support new floorspace in the short to medium term, apart from Scenario 2 in 2026.
- 6.22 By way of reference the 1999 Hillier Parker study forecast some 7,900 sq.m net of floorspace in 2006 and 8,400 sq.m net by 2011. By comparison the DTZ baseline projections for 2016 indicate no capacity after taking into account the commitment in Strood. Nevertheless, as with comparison goods, DTZ accept that the retail market may not be

⁶⁶ Ibid N1 Table 8.14 pp122

⁶⁷ Ibid N1 Table 8.15 pp123

in 'equilibrium' at the base year and that there may therefore be additional 'pent-up' capacity.

Summary⁶⁸

- 6.23 In conclusion, DTZ forecast that there is limited capacity for new comparison goods up to 2008 with increasing capacity to 2026 under the baseline scenario.
- 6.24 The regeneration and growth scenarios provide an indication of the impact on Chatham improving and clawing back market share. This is however dependant on the vision being implemented and realised.
- 6.25 There is no capacity for convenience goods retailing in the short to medium term in Medway due to the existing commitment in Strood and the nominal forecast in average spend.
- 6.26 Although there is capacity for new non-town centre comparison goods space, DTZ recommend that this residual expenditure should be accommodated in town centre/edge-of centre locations in the first instance. It is also important to restate that current and emerging planning policy guidance stresses that town centre, edge-of-centre and local centres should be the first choice for all new retail and leisure development. Only if there are no suitable and viable sequential sites available to accommodate this type of retailing should consideration be given to out-of-centre locations. Any proposals in out-of-centre locations will also need to be subject to the usual tests, as set out in national, regional and local planning policy guidance, to ensure that they will not have an adverse impact on the vitality and viability of existing town, district and local centres.

7. Leisure Futures

Leisure Futures: Market Demand and Capacity Assessment⁶⁹

- 7.1 The contribution that commercial leisure (i.e. bars, restaurants, cinemas, health clubs, etc.) and public leisure (i.e. theatres, museums, galleries, public swimming baths, etc.) facilities make to the overall vitality and viability of town centres, particularly the evening economy, is an important part of the Government's urban renaissance and town centre policy agenda. The sector is highly complex and subject to fashion driven cycles that make forecasting very unreliable.
- 7.2 In relation to Medway, any potential increase in the population as a result of the Medway Waterfront Strategy and the general trend in more active lifestyles is likely to increase the demand for leisure services. A

⁶⁸ Ibid N1 pp123

⁶⁹ Ibid N1 pp124 - 126

new cinema is already in use at Chatham Maritime and at Rochester Riverside some £300m is earmarked for housing, a marina, and a mix of A3/A4/A5 uses. There is also a broader aim to improve the evening economy within Medway. In broad terms the key priorities for Medway's Waterfront include *inter alia*:

- transformation of Chatham Centre and its Waterfront into the strategic commercial, cultural and civic centre of Medway;
- growing tourism and leisure at Chatham Maritime and Chatham Historic Dockyard, e.g. the "Two Towers" development for site J5/J6, designed by Wilkinson Eyre which was granted planning permission by Medway Council, plans include bars, restaurants and cafes along with 300 residential apartments;

Demand for Leisure⁷⁰

- 7.3 The following commentary briefly describes the current demand from leisure operators within each of the main sub-sectors of the commercial leisure market. It also provides an update of the current reported demand for commercial leisure facilities in the Medway centres.

Eating and Drinking Out

- 7.4 The growth of drinking and eating out as a leisure activity has fuelled significant changes in the pub and restaurant sector over the last decade. For example, between 1998 and 2002 the 'eating out' market grew by 22%, reaching an estimated value of approximately £24.4bn. Some of the main trends that are driving (and meeting) this demand include the following:
- 7.5 Increased consolidation in the pub industry over the last five years, which has impacted on the smaller independent operators. Research shows that the number of pubs has declined by c.6.5% since 1990 and the greatest impact has been on traditional pubs and inns, which have lost younger customers to the larger, urban branded 'theme' bars. Nevertheless, some market experts predict a resurgence of "community pubs", due to changes in fashion and boredom with high street brands.
- The food offer has emerged as a particularly strong driver of success in the pub industry and has resulted in the growth of so-called 'gastro-pubs' as eating out destinations (such as the All Bar One, Pitcher and Piano and Slug and Lettuce formats). This has been driven by the development of more varied menus to cater for different tastes and the growing market catering for females eating out.

⁷⁰ Ibid N1 pp126-127

- The decline in market value of some long established brands (such as Chez Gerard, Garfunkels, Café Uno and City Centre Restaurants) due to increased competition from both multiple and niche restaurants such as ASK central, Pizza Express and Nandos.
- The recent national expansion of a number of new restaurant operators, including the Italian owned Basilico and Fornovivo, Clapham House, Bombay Bicycle Club, The Real Greek, Gourmet Burger and Urban Dining.
- First expansion and more recently consolidation in the coffee sector, with a few brands emerging to dominate market share – namely Starbucks, Café Nero and Costa Coffee.
- Growth of businesses that specifically target lunchtime trade, particularly in London and the South East. Examples include The Natural Café, Eat and Realburger World. Coffee Republic has also entered this market by rebranding its coffee shops as ‘Republic Deli’ outlets.

7.6 Recent changes in the Use Classes Order (UCO) now mean that local authorities have been afforded more control over the growth and location of new cafés, restaurants, take away and public houses in their town centres. The main change to the UCO has been the replacement of the former class A3 (food and drink) by the new and amended:

- **Class A3** - limited to restaurant and café uses (ie. use for the sale of food for consumption on the premises).
- **Class A4** – limited to drinking establishments, such as pubs and wine bars.
- **Class A5** – limited to hot food takeaways.

7.7 Whilst bars and takeaways are able to revert to restaurants without requiring planning permission, moves in the other direction will require local authority planning approval. It is the Government’s aim that these changes will help check the unfettered growth of branded bars and poor quality takeaways, whilst also limiting the anti-social impact on residential amenity and visitor’s enjoyment of town centres, particularly as part of the promotion of town centre evening economies. Other changes included the classification of Internet cafés as A1 and nightclubs as *sui generis* (meaning uses on their own). Changes to or from these *sui generis* uses will therefore always require planning permission.

7.8 The use class changes will therefore increase local authority control on the high street by limiting the ability of operators to change use without planning permission. This will provide greater powers to Medway Council to monitor and control the potential growth of A4 and A5 users

in its town centres, but will limit the flexibility with which the industry can change formats to meet new demands. Current licensing reforms also transfer responsibility for licensing from magistrates to local authorities. The Government believe that operators in the same area will choose to set different hours of operation and that this will therefore reduce the concentrations of people leaving licensed premises at the same time, which can often result in 'flashpoints' of crime and violence in centres. Together, the planning and licensing reforms will allow local authorities considerable control over the leisure and entertainment industry.

7.9 DTZs market intelligence indicates demand from operators for representation in the Borough and its main centres as shown in Table 20⁷¹. There is demand from a range of mainstream, pub and fast food operators including J.D Wetherspoons and Pizza Hut.

Table 20: A3/A4/A5 Requirements in Medway

Centre	Requirement	
	Company Name	Size (sq.m)
Chatham	<ul style="list-style-type: none"> • Best Cellars Public Houses • J D Wetherspoon Plc • Regent Inns Plc • Pizza Hut • SFI Group Plc • Walkabout Inns • Costa Ltd 	<ul style="list-style-type: none"> • 279 sq.m • 325 sq.m • 557sqm – 1,486 sq.m • N/A • 279 sq.m – 836 sq.m • 1,115 sq.m • 70 sq.m – 186 sq.m
Gillingham	<ul style="list-style-type: none"> • Best Cellars Public Houses • J D Wetherspoon Plc • Jumbucks Franchising Ltd • Regent Inns Plc • SFI Group Plc • Walkabout Inns • Pizza Hut 	<ul style="list-style-type: none"> • 279 sq.m • 325 sq.m • 42 sq.m – 93 sq.m • 557sqm – 929 sq.m • 279 sq.m – 836 sq.m • 1,115 sq.m • 60 sq.m – 111 sq.m
Rochester	<ul style="list-style-type: none"> • Regent Inns Plc • Walkabout Inns • Ask Central • Papa Johns Pizza 	<ul style="list-style-type: none"> • 557sqm – 1,486 sq.m • 1,115 sq.m • 279 sq.m • 74 sq.m – 232 sq.m
Rainham	<ul style="list-style-type: none"> • J D Wetherspoon Plc • KFC (GB) Ltd 	<ul style="list-style-type: none"> • 325 sq.m • 237 sq.m – 269 sq.m
Strood	<ul style="list-style-type: none"> • Papa Johns Pizza • KFC (GB) Ltd 	<ul style="list-style-type: none"> • 74 sq.m – 232 sq.m • 237 sq.m – 269 sq.m
Source: Town Centre Focus Reports 2004		

7.10 In order to assess the potential capacity for new eating and drinking establishments DTZ has tested the assumption that between an additional 20% - 30% of the forecast capacity for comparison goods floorspace (as set out in Section 8 of the DTZ report 2005) can be supported by a mix of new cafés, restaurants, pubs and wine bars.

⁷¹ Ibid N1 Table 9.2 pp128

7.11 Based on this assumption, DTZ therefore forecast the following potential capacity ranges for new A3/A4/A5 uses across the Borough under the baseline Scenario 1. Table 21⁷² shows the potential capacity for A3/A4/A5 floorspace in 2016 ranges from 8,800 sq.m to 19,900 sq.m net.

Table 21

Commercial leisure floorspace capacity (A3 / A4 / A5 uses only)				
2008 – 2026				
square metres net	<u>2008</u>	<u>2012</u>	<u>2016</u>	<u>2026</u>
Assuming 20% of total comparison goods space	2,100 – 3,100	5,200 – 7,900	8,800 – 13,300	20,000 – 30,000
Assuming 30% of total comparison goods space	3,100 – 4,700	7,900 – 11,800	13,200 – 19,900	30,000 – 45,000
Source: DTZ <i>Re:Map</i> (Appendix 8, Stage 9)				

7.12 This forecast capacity is not meant to be prescriptive. It provides only a broad indication of the ‘theoretical’ potential for new A3/A4/A5 floorspace to complement new retail space that may be developed in the Borough’s main centres as part of a mixed-use scheme.

Health and Fitness

7.13 In summary the health and fitness sector has polarized. This is illustrated by the conversion to private companies of Esporta, Holmes Place, Fitness First and Cannons health clubs. The main ‘players’ in the market are currently:

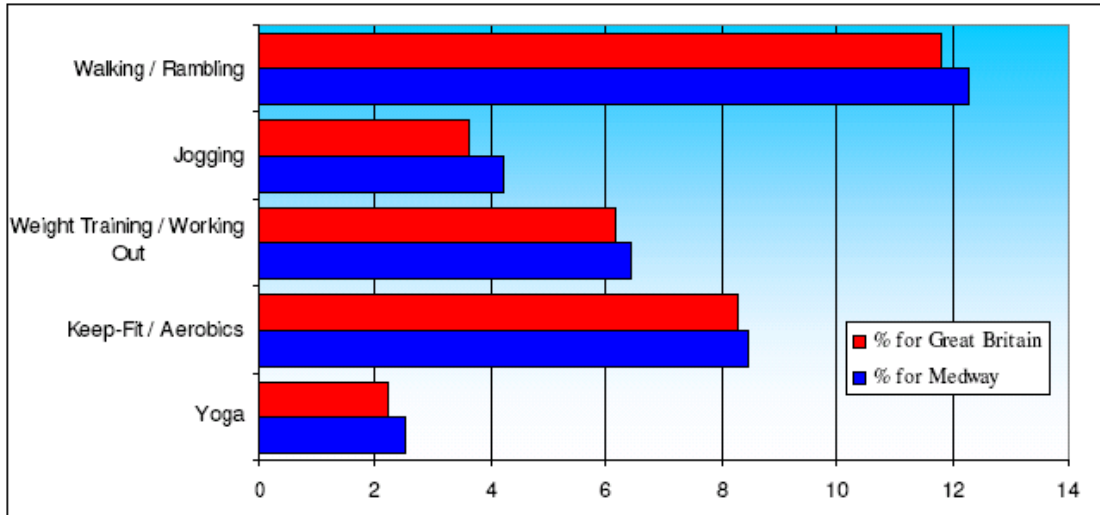
- **David Lloyd Leisure and Next Generation** - concentrating on health, racquet and tennis clubs;
- **Holmes Place and Greens** - operating at the luxury end;
- **Virgin and Cannons** - dominate the family-oriented health and fitness market;
- **LA Fitness and Fitness First** – operate smaller in-town clubs at the value end of the market.

7.14 Figure 4⁷³ draws on the CACI⁷⁴ Participation Profile report for Medway. This shows an above average participation across all health and fitness categories.

⁷²Ibid N1 Table 9.3 pp129

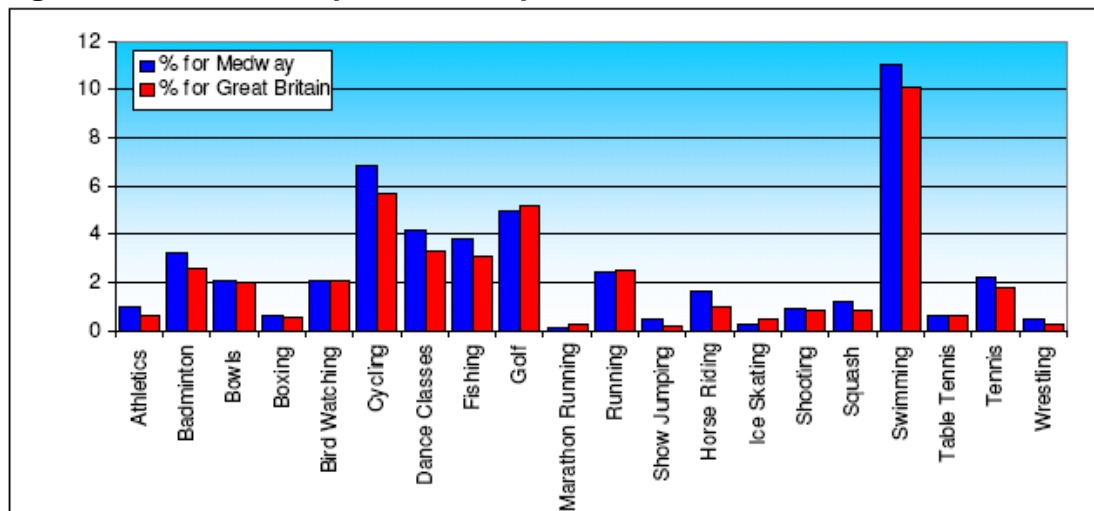
⁷³ Ibid N1 figure 9.3 pp130

⁷⁴ <http://www.caci.co.uk/>

Figure 4: Health & Fitness Participation

Source: CACI - Medway Participation Profile (Sport & Leisure)

7.15 The potential capacity for new leisure facilities in Medway is illustrated by CACI's individual sports and leisure participation rate. For individual sports, Medway shows an above average participation in a range of sports but particularly, badminton, cycling and swimming (see **Figure 5⁷⁵**);

Figure 5: Individual Sports Participation

Source: CACI - Medway Participation Profile (Sport & Leisure)

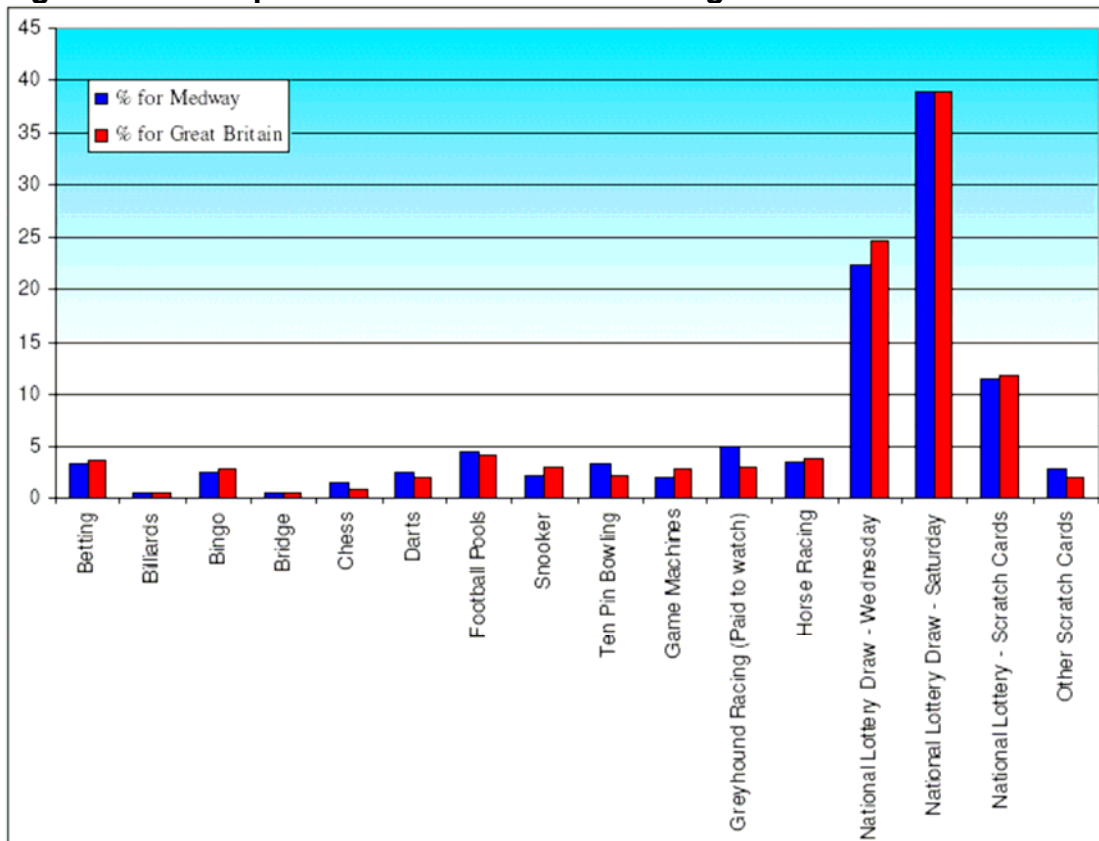
7.16 The above average participation in health and fitness activity is an indication of the potential consumer demand in this sector. For Medway to continue to sustain its vitality and viability, and to facilitate the development of the leisure quarter as part of the Medway Waterfront Strategy, there is a strong case to plan for quality cultural as well as health and fitness related leisure activities.

Games and Gambling

⁷⁵ Ibid N1 figure 9.4 pp131

7.17 In Medway, the CACI Participation Profile on games and gambling shows that the National Lottery commands the highest popularity, followed by greyhound racing, football pools and betting as shown in Figure 6⁷⁶. The betting profile for Medway is generally below the national average.

Figure 6: Participation in Games and Gambling.



Source: CACI - Medway Participation Profile (Sport & Leisure)

Hotels and Visitor Accommodation

Hotel Supply

7.18 According to a recent hotel study⁷⁷ Medway's current hotel supply is dominated by 3/4 star and diamond-rated/ lower grade non-inspected hotels, together with a small supply of branded budget hotels. Medway's hotel supply is spread fairly evenly between Rochester, Chatham and Gillingham. Seven of the Medway's hotels have conference facilities, with maximum capacities ranging from 20 to 300 delegates theatre-style. Bridgewood Manor and the Holiday Inn both have dedicated conference suites. The major independent operators include (amongst others):

- Bridgewood Manor Hotel – located in Walderslade Woods, Chatham;

⁷⁶ Ibid N1 figure 9.6 pp133

⁷⁷ MEDWAY HOTEL STUDY (2005) An Assessment of Market Growth and Development Potential for Hotels in Medway

- King's Head Hotel – located in the High Street, Rochester;
- Gordon House Hotel – located in the High Street, Rochester.

7.19 The main budget operators include:

- Holiday Inn – located on the Maidstone Road, Rochester;
- Premier Travel Inn – located on Will Adams Way, Gillingham;
- Travelodge – located on the M2 Motorway near Rainham.
- Ramada – Encore Chatham – Western Avenue, Chatham.

7.20 In the adjoining area Maidstone has a much larger hotel supply than Medway, particularly in terms of large branded 3 and 4 star hotels and budget hotels. Gravesend has a smaller hotel stock than Medway and Sittingbourne has a very limited hotel supply. Gravesend budget and lower grade hotels are competing to some extent in the Medway hotel market.

Hotel demand⁷⁸

7.21 The current performance of branded 3/4 star hotels in Medway is not particularly strong. Average annual room occupancies for Medway hotels are below the national average for UK provincial 3/4 star chain hotels. Average annual achieved room rates⁷⁹ are in line with the national average.

7.22 There are significant differences in performance between hotels in the area, depending on their business strategies. Rooms revpar⁸⁰ for Medway hotels is currently well below the national average. The corporate market is not particularly strong for Medway hotels.

7.23 Budget hotel performance in Medway is also not that strong: occupancies are relatively low overall and budget hotels in Medway are not denting business to any great extent. Room rates achieved by Medway budget hotels are slightly below those achieved by budget hotels in Maidstone and Gravesend. Weekday occupancies are relatively strong for Medway budget hotels.

7.24 2 star, diamond-rated and lower grade non-inspected hotels in Medway are generally performing reasonably well. They achieve good levels of occupancy. Achieved room rates are very low for diamond-rated hotels,

⁷⁸ MEDWAY HOTEL STUDY (2005) An Assessment of Market Growth and Development Potential for Hotels in Medway

⁷⁹ The average amount of rooms revenue that hotels achieve per occupied room, net of VAT, breakfast (if included) and discounts and commissions.

⁸⁰ The average amount of rooms revenue that hotels achieve per available room, net of VAT, breakfast (if included) and discounts and commissions

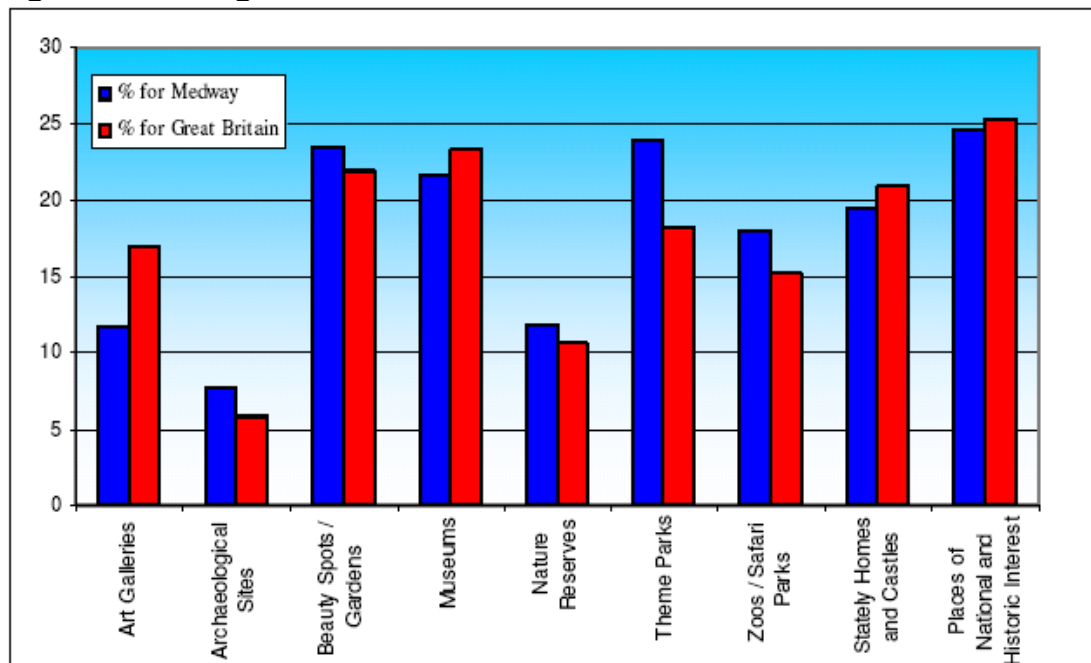
however. Key markets are contractors and travelling sales representatives during the week, and people attending weddings in the area at the weekends.

7.25 From the 2005 DTZ study⁸¹ they state that the independent sector is likely to be resilient, aided by the tourist and the future leisure orientation of Medway. Despite the dominance of the independent sector there is the likelihood that branded budget sector operators could also establish a much larger presence in the future as part of the wider Waterfront regeneration strategy. DTZs analysis identified requirements from the following operators:

- Holiday Inns UK Ltd have a requirement in Chatham and Gillingham;
- Travel Inn Hotels have a requirement in Gillingham and Rainham.

7.26 An important element that links hotels and tourism is cultural related activities. These are often an indicator of an areas' prosperity and its populations' available leisure time. An indication of this is provided by outings undertaken recently (in the last 12 months). In relation to Medway, Figure 7⁸² shows that visits to theme parks, archaeological sites, nature reserves, zoos/safari parks, beauty spots/gardens exceed the national average.

Figure 7: Outings over the last 12 months



Source: CAC I- Medway Participation Profile (Sport & Leisure)

⁸¹ DTZ Pidea Consulting (2005) Retail and Commercial Leisure Study pp

⁸² Ibid N1 figure 9.7 pp135

- 7.27 Medway therefore needs to capitalise on its historical maritime heritage so as to capture a wider proportion of trips from its local catchment.

Summary

- 7.28 DTZ's research and market intelligence indicates that there is a reasonable overall demand from commercial leisure operators for representation in the Borough. However there is a need to expand on the quality leisure offer and to plan for this type of floorspace especially as part of the inspirational nature of the broader Waterfront strategy. This will contribute to the diversity of activity within Medway. The importance of the commercial leisure sector to town centre activity and vitality is reflected by the relatively high demand from A3/A4/A5 and discount branded hotel operators for representation in the study centres.
- 7.29 The Medway Hotel Study (2005) suggests that while the Medway hotel market is not particularly strong at present, there is potential for substantial future growth in the Medway hotel market that is likely to fuel demand for new hotel accommodation. This would include significant growth in the corporate market given Medway's role in Thames Gateway. Some potential for growth in the residential conference market on the basis of this envisaged growth in Medway's economy. Continued growth in the leisure break market. Growth in the weddings, functions and other markets in line with the significant increases in population forecast here, and the relatively young age profile. Further growth in group tour business.

8. Tourism

The Importance of Tourism and the Visitor Economy in Medway⁸³

- 8.1 Tourism is important to Medway for a number of reasons:
1. Tourism employs over 5,000 local people and is worth in the region of £250 million annually to the local economy (these estimates are based on 2003 visitor data). National and international forecasters project continued growth in the tourism economy. Medway has the *potential* for significant further growth in its local tourist economy, subject to successful resolution of several key weaknesses in its product offer.
 2. Tourism contributes to the well being of local residents – it helps to raise levels of civic pride, it improves perceptions of place within and beyond the local community, it delivers local and sustainable jobs and it provides the economic incentive for new cultural and leisure facilities.

⁸³ MEDWAY STRATEGIC TOURISM ISSUES DOCUMENT December 2007 para 2

3. Medway Council and its key partners are focused on developing Medway as “a city of culture, tourism, learning and technology ”.
4. Tourism is the “glue” that binds together, enriches and fuels so many other sectors of the local economy – retail, arts and culture, leisure, heritage and transport. None of these sectors will thrive without the economic boost of tourism.
5. Medway’s identity to the world around it is, to a great extent, shaped by the nature of its appeal to visitors - its *destination* image.
6. Medway Council itself is a major stakeholder in the tourism economy, to a greater extent than the average local authority. It owns and/or operates one of the largest and most prestigious Visitor Information Centres in the south-east, Kent’s most visited local authority museum, two castles, four major annual festivals, an award winning coach park, three country parks and several historic green spaces in addition to a tourism marketing and development service.
7. The Historic Dockyard is at the latter stages of a ten-year £30 million investment programme and now ranks as one of Kent’s premier league visitor attractions. The new National Museums project should catapult the Dockyard into the top league of attractions in the south-east by 2012.
8. Dickens World, which opened in May 2007, has secured Chatham Maritime’s status as Medway’s second major tourism cluster and has complimented the existing Dickensian aspect of Rochester’s tourist appeal. This will allow Medway to be marketed as the definitive Dickens destination in the world – though this will by no means be the only way in which the destination is marketed.
9. The prospect of World Heritage Site status for Chatham Dockyard and its defences by the end of the present decade will greatly enhance Medway’s reputation as a visitor destination of international status.
10. The 2012 Olympics present Medway with a significant boost in terms of attracting the tourism and cultural investment it requires and will be a further catalyst to develop Medway as a genuine city break tourism destination.

Key Facts

- Medway attracts 3.6 million visits per year
- Tourism is worth over £250 million a year to the local economy
- Medway is a *day visit* destination – 84% of all visitors are day visitors
- Annual staying visitors of 0.57 million, equate to 1.94 million visitor nights

- 60% of staying visitors choose to stay at the homes of friend and relatives
- The 16% of staying visitors are responsible for 42% of all tourism spend
- Tourism supports 3,865 FTE jobs or 5,175 actual jobs

Key headline figures for Medway for 2006⁸⁴

- 555,625 staying trips
- 1,934,401 staying visitor nights
- £78,448,815 spent by staying visitors on their trip
- 3,062,757 tourism day trips
- £113,077,006 spent by tourism day visitors on their trip
- In total £191,544,615 was spent by all visitors on their trip
- In addition, expenditure by friends and relatives on visitors, and visitors spend on second homes (i.e. maintenance) generates a further £23,590,000.
- With the addition of other expenditure tourism activity generated £215,115,821 expenditure.
- Of this expenditure, £265,656,300 directly benefits local business in terms of direct and indirect business turnover.
- This income supported 3,859 FTE jobs and 5,279 Actual jobs

The Economic Impact of Tourism on Medway

Background

- 8.2 A report⁸⁵ presents the findings of a survey of visitors to Rochester conducted between July and October 2006. The survey was commissioned by Medway Council and undertaken by the Research Unit at Tourism South East.
- 8.3 The purpose of the 2006 survey was to update previously gathered information on the origin, profile and behaviour of visitors to Rochester in order to identify emerging trends. The survey aimed to explore views on the strengths and weaknesses of Rochester as a visitor destination and evaluate visitor's opinions on specific aspects of their visitor experience. This data will then help guide the Council's future visitor management and facility development work.
- 8.4 This report includes comparisons of average scores for other historic towns and cities, indicating Rochester's relative strengths and weaknesses. Below are a few key findings of the Report.

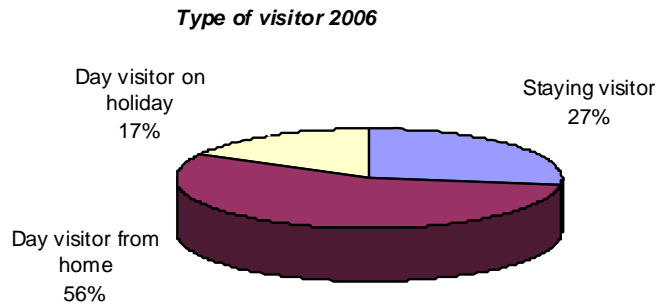
⁸⁴ The Economic Impact of Tourism on Medway 2006 pp 3

⁸⁵ Tourism South East Research Services Prepared on behalf of Medway Council (January 2006)
Rochester Destination Benchmarking Visitor Survey

Type of visitor⁸⁶

- 8.5 Figure 8 below shows that out of 382 visitors that were interviewed, 277 (73%) were day visitors. The majority of these (212, 56% of all visitors) were day visitors from home, whilst 65 (17%) were day visitors from holiday bases outside the Medway area. The remaining 105 visitors (27%) were staying overnight in commercial or non-commercial accommodation within the Medway area.

Figure 8



- 8.6 The proportion of staying visitors for Rochester is slightly higher than of the 'Historic Towns' group (24%), but lower than the figure for 'All Destinations' (31%).
- 8.7 Compared with results from the 2003 survey the proportions of day visitors (75%) and staying visitors (25%) are similar, with little variation when split by visitor type.

Accommodation Used⁸⁷

- 8.8 Of the 105 staying visitors interviewed over half (52%) were found to be staying in the homes of friends or relatives. A further third were staying in serviced accommodation in the Medway area (24% in hotels and 6% in B&B/Guest houses).
- 8.9 An additional 9% of staying visitors were staying in static caravans whilst in the area (6% in rented and 3% in owned). And 4% of staying visitors were staying with a host family.
- 8.10 The results from the 'All Historic Towns' benchmark group found that a higher proportion of visitors were staying in serviced accommodation than in Rochester (43% compared with 30%). Far fewer visitors included in the 'All Historic Group' were staying with friends or relatives than in Rochester (31% compared with 52%).

⁸⁶ Tourism South East Research Services Prepared on behalf of Medway Council (January 2006)
Rochester Destination Benchmarking Visitor Survey pp 6

⁸⁷ Tourism South East Research Services Prepared on behalf of Medway Council (January 2006)
Rochester Destination Benchmarking Visitor Survey pp 14-15

- 8.11 When compared with the 2003 survey, there has been a slight increase in the numbers staying with friends or relatives (47% up to 52%) and also an increase in the number staying in serviced accommodation (22% up to 30%).

Table 25 Type of accommodation used – Staying visitors

	Staying Visitors 2006		2003 Survey	All Historic Towns
	Count	%	%	%
Home of friend/relative	55	52	47	31
Hotel	25	24	12	28
B&B/Guest House	6	6	10	15
Static Caravan - rented	6	6	5	2
Rented self catering	2	2	1	4
Host family	4	4	-	-
Youth Hostel/University accommodation	2	2	5	6
Static Caravan - owned	3	3	1	1
Second home	1	1	-	-
Camping	-	-	5	3
Boat/Yacht	1	1	1	1
Pub/Ann	-	-	1	2
Other	-	-	8	6
Total	105	100	100	100

Visitor Expenditure in Rochester

- 8.12 **Table 26⁸⁸**, below, shows the average expenditure of all visitors to Rochester (per person, per 24 hours) compared with the average expenditure for the 'All Historic Towns' group and 'All Destinations'. Figures are broken down by category of spend – accommodation, shopping, eating out, entertainment (including admissions to attractions, sports, guided tours, etc) and travel (fares, parking charges, fuel, etc) paid for in the city.

Table 26: Average expenditure in Rochester – All visitors (£/per person/per 24 hours)

Category of expenditure (£)	Average spend (£) all visitors – Rochester	Average spend (£) 'All Historic Towns'	Average spend (£) 'All Destinations'
Commercial accommodation*	17.95	34.59	30.63
Eating out	7.51	8.26	8.24
Shopping	5.93	11.38	12.42
Entertainment	2.93	3.23	3.41
Travel	4.71	2.34	2.83
Average spend total	39.03	59.80	57.53

* Staying visitors only (refers to those staying in the Medway area only)

- 8.13 Visitors staying for one night or more in serviced commercial accommodation in Rochester spent on average £17.95 per person per night. This is significantly lower than the 'All Historic Towns' average

⁸⁸ Tourism South East Research Services Prepared on behalf of Medway Council (January 2006) Rochester Destination Benchmarking Visitor Survey pp 26-27

spend on hotels/B&Bs of £34.59 per person, per night. The average spend on commercial accommodation in Rochester is comparable with the average from the 2003 survey (£18.17 per person, per night), whereas the average for 'All Historic Towns' has increased by half over the same period.

- 8.14 Visitors interviewed in Rochester spent slightly less per person on eating out, approximately £7.51 per person per 24 hours, compared with the average for 'All Historic Towns' of £8.26. The average spend on eating out in 2003 was £5.95.
- 8.15 The average spend per person per 24 hours on shopping (£5.93) was nearly half that of 'All Historic Towns' (£11.38) and slightly lower than in 2003 (£6.85).
- 8.16 Average spend per person on entertainment (£2.93) was broadly comparable with that for 'All Historic Towns' (£3.23), but nearly double that of 2003 (£1.66).
- 8.17 However, visitors to Rochester tend to spend far more on travel and transport during their visit compared to visitors to other historic towns. The average spend per person per 24 hours for Rochester was £4.71, compared to £2.34 for 'All Historic Towns'. This average was £1.81 in 2003. It should be borne in mind that many other historic towns have a park and ride system in place that significantly reduces the cost per day of travel and transport.
- 8.18 Overall, visitors to Rochester were found to be spending around £20 less per person per 24 hours than visitors included in the 'All Historic Towns' group (most of which can be accounted for by the low spend on commercial accommodation).

Visitor Spend by Visitor Type – Benchmarking Comparisons

Staying Visitors

- 8.19 Table 27⁸⁹ shows that the staying visitor spending profile for Rochester is significantly lower than for 'All Historic Towns' by nearly £24 per person per day. The low average spend on accommodation by staying visitors in Rochester can account for a high proportion of this figures along with a significantly low average spend on shopping by staying visitors. The average spend per person, per 24 hours on shopping in Rochester is £5.90, compared with £11.73 in 'All Historic Towns'.

⁸⁹ Tourism South East Research Services Prepared on behalf of Medway Council (January 2006) Rochester Destination Benchmarking Visitor Survey pp 27

Table 27: Average expenditure in Rochester – Staying visitors (£/per person/per 24 hours)

Category of expenditure (£)	Average spend (£) all visitors – Rochester	Average spend (£) 'All Historic Towns'	Average spend (£) 'All Destinations'
Commercial accommodation ²	17.95	34.59	30.63
Eating out	10.45	12.72	13.09
Shopping	5.90	11.73	13.74
Entertainment	2.30	4.21	4.72
Travel	4.91	2.38	3.39
Average spend total	41.51	65.63	65.57

* Staying visitors only (refers to those staying in the Medway area only)

Day Visitors

8.20 Table 28⁹⁰ indicates that the day visitor spend for Rochester is slightly lower than the average for 'All Historic Towns. The largest differences in spend are from shopping and travel and transport. For Rochester, the average spend on shopping is around £6 compared to £11.77 for the 'All Historic Towns' (£6.42 in 2003). As with other visitor types, the average spend on travel and transport was higher in Rochester - £4.66 per person per 24 hours compared with an average of £2.37 for 'All Historic Towns' (£2.13 in 2003).

Table 28: Average expenditure in Rochester – Day visitors (£/per person/per 24 hours)

Category of expenditure (£)	Average spend (£) all visitors – Rochester	Average spend (£) 'All Historic Towns'	Average spend (£) 'All Destinations'
Eating out	6.55	6.71	6.87
Shopping	5.95	11.77	12.28
Entertainment	3.22	2.97	2.98
Travel	4.66	2.37	2.74
Average spend total	20.38	23.82	24.87

Summary

8.21 Medway Attracts 3.6 million visits per year and this is worth over £250million a year to the local economy. In 2006 the majority of visits were from day visitors. Over half for those staying in the area stayed in the homes of friends and relatives. Day visitors for Rochester spent slightly lower than average for 'All Historic Towns' (AHT). For staying visitors their spend profile for Rochester was significantly lower than for AHT. Clearly Tourism adds significantly to the local economy and contributes to the well being of local residents.

⁹⁰ Tourism South East Research Services Prepared on behalf of Medway Council (January 2006) Rochester Destination Benchmarking Visitor Survey pp 28

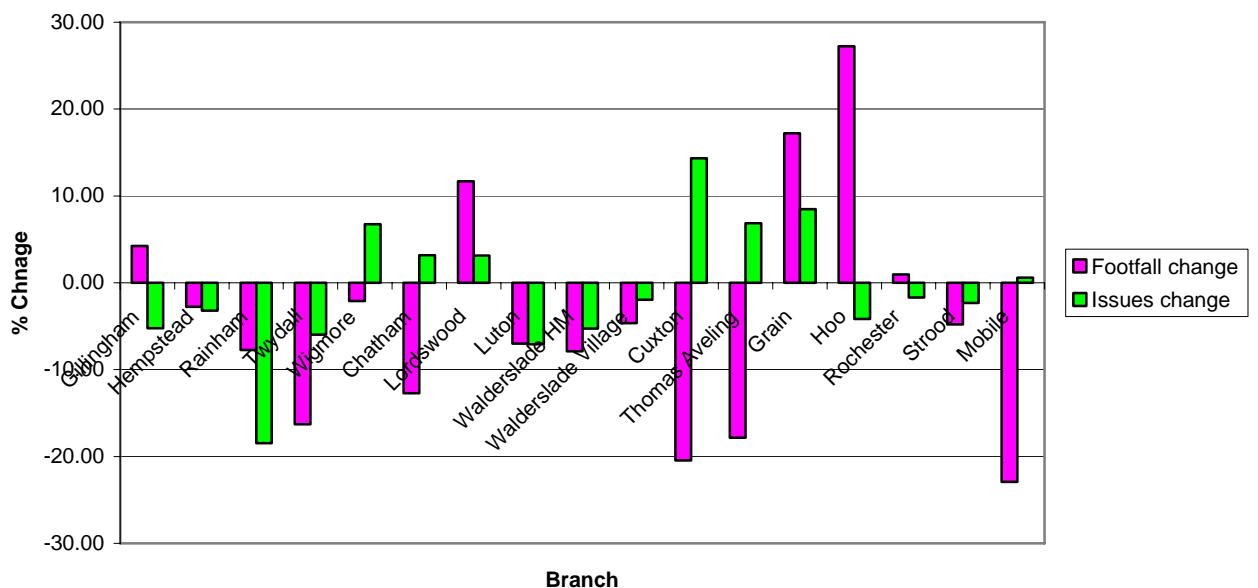
Libraries

8.22 Membership of the library is free. Once a member you are allowed to access a range of information and entertainment at the library and online. With full membership, you can borrow up to 30 items from the library, selecting from Books; CDs; Spoken word cassettes; DVDs; Console games.

Footfall and book issues.

8.23 In terms of the operations of the Library Service below is a chart, which shows the relationship between footfall and issues for the first three months for the time period 07/08 and 08/09. It shows 6 libraries that have shown an increase in issues rate and 10 libraries with a decrease in issues rate. Four libraries have shown an increase in footfall with 11 libraries showing a decrease. The relationship between Footfall and issues is unclear. In the case of Cuxton it shows a big decrease in footfall but shows a large increase in issues. Rainham shows a decrease in footfall and a decrease in issues. Hoo on the other hand shows an increase in footfall but a decrease in issues.

1st three months 0809 vs 0708 Footfall & Issues



Total Issues and Visits

8.24 The table below shows issues rates between 2006/2007 and 2007 and 2008 for individual libraries. It also shows the number of visits over the same time period.

	Issues 0607	Issue 0708	Visits 0607	Visits 0708
Gillingham	148328	165184	147337	154415
Hempstead	9714	9892	6434	7052
Rainham	72647	106086	69070	52445
Twydall	44422	44674	37725	38604
Wigmore	97537	94967	50421	49316
Chatham	157034	142469	146253	137295
Lordswood	36488	37090	35425	35740
Luton	25776	25933	11045	11298
Walderslade HM	28666	30722	21477	21158
Walderslade v	46754	46173	35929	37319
Cuxton	19249	22518	15147	18183
Thomas Aveling	21424	24117	20104	18590
Grain	8495	7013	6785	5025
Hoo	37910	39216	22214	21909
Rochester	79441	78479	100871	111314
Strood	137415	141926	134631	124054
Mobile	16244	15344	7149	6607
total	987544	1031803	868017	850324

- 8.25 In summary the relationship between issues rates and visits is not clear but taken as a whole issues rates are increasing in Medway but visits or footfall to the libraries appears to be falling.

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1. http://www.medway.gov.uk/amr_2007_vol1_final_inclpics.pdf
2. <http://www.lsc.gov.uk/kentandmedway/>
3. <http://www.lsc.gov.uk/>
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