



Dacorum Retail Study Update 2009

for

Dacorum Borough Council



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1. Introduction

- 1.1 The Dacorum Retail and Leisure Study (hereinafter referred to 'the 2006 report') was completed in January 2006 by Donaldsons on behalf of Dacorum Borough Council. That report was a wide ranging retail and leisure study of the Borough, covering the three towns of Hemel Hempstead, Berkhamsted and Tring. It included:
- Vitality and viability assessments of Hemel Hempstead, Berkhamsted and Tring town centres, applying the indicators set out in PPS6.
 - Detailed quantitative forecasts of future shop floorspace need in each town up to 2021, based on a Household Interview Survey of shopping patterns in Dacorum and its catchment area.
 - A survey and assessment of retailer demand for new space in the three towns in the Borough.
 - Assessment of the supply of and demand for commercial leisure development in the Borough.
 - A commercial review of potential retail and leisure development opportunities, applying the sequential approach of PPS6.
 - Advice on retail frontage policies in Hemel Hempstead Town Centre.
 - Advice on a strategy for new retail and leisure development in each of the three towns.
- 1.2 Since the 2006 report was completed, Riverside Centre in Hemel Hempstead Town Centre has opened; and the Waitrose store in Berkhamsted Town Centre has been extended. In Tring Town Centre, the former Budgens store is now occupied by Marks & Spencer as a 'Simply Food' store. In addition, new population growth trajectories for Hemel Hempstead are emerging from the work on the Regional Spatial Strategy (RSS); and expenditure growth, and growth of expenditure via on-line shopping, are now somewhat different from what was envisaged at the time of the 2006 report.
- 1.3 Dacorum Borough therefore instructed DTZ (which took over Donaldsons in July 2007) to update the 2006 report to take account of these significant changes. This Update report covers only retail development, and we have not been instructed to update the commercial leisure parts of the 2006 report, which still stand. We have also not been instructed to update the assessments of the vitality and viability of Berkhamsted and Tring town centres, so the assessments for these two centres remain as in the 2006 report.
- 1.4 The principal change set out in this Update report is the preparation of new quantitative retail capacity forecasts, based on a new Household Interview Survey of shopping patterns undertaken in July 2008. The previous forecasts set out in the 2006 report were based on a Household Interview Survey undertaken in 2005, when Riverside Centre was under construction. That survey was therefore unable to measure the effects of this major new retail

development; and so the retail capacity forecasts set out in the 2006 report were based on predicted effects rather than actual measured effects. The new Household Interview Survey measures the attraction of Hemel Hempstead Town Centre (and other centres) with Riverside Centre open and trading; and so the retail capacity forecasts set out in this Update report take account of its actual effects rather than just its predicted effects. They also take account of the latest information on future population growth, growth in per capita expenditure, retail floorspace, retailers' sales densities, and other forecasting parameters. They therefore supersede the forecasts set out in the 2006 report.

- 1.5 After this introduction in Section 2, we review national planning policies for town centres and retail development. In Section 3 we set out our updated assessment of the vitality and viability of Hemel Hempstead Town Centre. In Section 4, we review the latest evidence of retailer demand for space in the three towns. In Section 5, we describe our updated forecasts of future shop floorspace need in the Borough, distinguishing between the three towns; and set out our assessment of the need for new district and local centres in Hemel Hempstead to serve the existing and potential new housing areas in the town. Section 6 includes our updated commercial advice on potential sites for accommodating identified needs for new retail development. Section 7 sets out our updated advice on town centre retail frontage policies for Hemel Hempstead. The report ends with Section 8, in which we summarise our principal findings and conclusions, and our recommendations for a retail development strategy for the Borough.
- 1.6 The report is accompanied by Appendices, which include supporting data and our RECAP Retail Capacity forecasting Model.
- 1.7 Table 1.1 indicates which parts of the 2006 report still apply, and which have been updated or superseded by this Update report.

Table 1.1: Status of 2006 report

2006 Report Section	Status post Update
3. Hemel Hempstead Town Centre	Superseded by Section 3 of Update report
4. Berkhamsted Town Centre	Not updated – still extant
5. Tring Town Centre	Not updated – still extant
6. Town Centre Frontage Analysis	For Hemel Hempstead, superseded by Section 7 of Update report. For Berkhamsted and Tring not updated and still extant
7. Potential for Additional Commercial Leisure Development	Not updated – still extant
8. Retailer Demand	Superseded by Section 4 of Update report
9. Quantitative Need for Retail Development	Superseded by Section 5 of Update report

Appendix 1 – Car Park Proforma and Survey Results	For Hemel Hempstead, superseded by Appendix 1 of Update report. For Berkhamsted and Tring not updated and still extant
Appendix 2 – On Street Shopper Survey and Results	Still extant – except for likes and dislikes about Hemel Hempstead Town Centre, which are updated in Section 3 and Appendix 4 of the Update report
Appendix 3 – Business Survey and Results	Not updated – still extant
Appendix 4 – Environment Survey Proforma and Results	For Hemel Hempstead, superseded by Appendix 2 of Update report. For Berkhamsted and Tring not updated and still extant
Appendix 5 – Location of Blocks for Analysis within each Town	Not updated (except for addition of Riverside Centre in Hemel Hempstead) – still extant and included in Appendix 6 of Update report.
Appendix 6 – Leisure Facility Location Maps	Not updated – still extant
Appendix 7 – Household Survey Questionnaire and Results	Superseded by Appendix 4 of Update report
Appendix 8 – RECAP Model	Superseded by Appendix 5 of Update report
Appendix 9 – Development Site Proforma and Location Maps	Not updated – still extant

Source: DTZ

2. National Planning Policies and Proposed Changes

- 2.1 In this Section, we review national planning policies for new retail and other town centre development set out in PPS6, and identify the principal implications for Dacorum Borough. We also consider the proposed changes to PPS6 which have recently been published.

Town Centres First

- 2.2 National Planning Policy for retail (and other forms of development) is set out in 'Planning Policy Statement 6: Planning for Town Centres', March 2005. The key principle of PPS6 is that new development (of retailing and the other defined uses) should be focused in existing centres. These are the locations most accessible by public transport and where one trip can serve several purposes; thus simultaneously facilitating switching from cars to public transport and reducing the overall need to travel (i.e. achieving sustainability), and improving facilities for people without cars (i.e. improving social inclusion). Growth *'should be accommodated by more efficient use of land and buildings within existing centres'*. Thus high density, multi-storey and mixed use development is advocated, to make the most of available sites.
- 2.3 However, it won't be enough just to develop a superstore and surface car park on the edge of a town centre, for example. In many town centres, it will be necessary to include more value generators in order to make development financially viable, particularly in the current difficult economic conditions.

A Pro-active Plan-led System

- 2.4 The principal tool for achieving town centre development is to be the new plan-led system of Regional Spatial Strategies and Local Development Frameworks. These development plans are to identify hierarchies and networks of town, district and local centres; assess the role of and needs for new development in each; and then identify and allocate sites for such development. They should include sites capable of accommodating a range of *'business models'* ; defined by reference to scale, format, car parking and the scope for accommodating parts of developers' proposals. PPS6 does not expect there to be a need for any new out-of-centre regional or sub-regional centres, or extensions to such existing centres. Any changes to the hierarchical status of any existing centres should be dealt with in development plans rather than via planning applications.
- 2.5 PPS6 recognises that there are limits to capacity arising from the layout of some town centres, and responds by advocating extension of the town centre or the primary shopping area, and/or designation of edge-of-centre sites well connected to the town centre core. The accompanying document, 'Planning for Town Centres: Guidance on Design and Implementation Tools', sets out design principles for new development; and how Area Action

Plans, masterplans and development briefs, and the new compulsory purchase powers, should be used to make it happen. The emphasis throughout is for local authorities to be pro-active rather than merely permissive. But they are expected to be realistic about whether sites are likely to be suitable, viable and available; and to identify sites sufficient to meet needs for at least 5 years from adoption of their development plan documents.

Spreading the Growth

- 2.6 Over the last 30 or more years, the greatest growth in retail floorspace has been in the largest centres, with the result that long distance travel for shopping, particularly by car, has increased. In the interests of sustainability and social inclusion, the government wants to see a more even distribution of town centre facilities, and better services in 'deprived areas'. PPS6 therefore expects local authorities to consider *'whether there is a need to rebalance the network of centres to ensure that it is not overly dominated by the largest centres'*. The emphasis of development and regeneration should therefore switch to medium sized and smaller centres, and it may become more difficult to support schemes in the largest centres.
- 2.7 Interestingly, there are few policies or principles for out-of-centre development – no doubt mainly because the other policies are intended to mean that there will not be much of it. In a strengthening of policy, PPS6 makes it clear that *'planning authorities should not regard existing out-of-centre development, comprising or mainly including main town centre uses, such as shops, shopping centres, leisure parks or retail warehouse parks, as centres'*. The approach of pressing for such schemes to be designated as 'centres' in plans or for the purposes of applying the sequential approach, is therefore now ruled out.

A Rigorous Sequential Approach

- 2.8 The sequential approach is fundamental to the whole of PPS6. Second priority edge-of-centre sites are defined as, 'For retail purposes, a location that is well connected to and within easy walking distance (i.e. Up to 300 metres) of the primary shopping area'; with further guidance on other uses and the effects of barriers to movement. Thus Table 2 in Annexe A states that *'In determining whether a site falls within the definition of edge-of-centre, account should be taken of local circumstances. For example, local topography will affect pedestrians' perceptions of easy walking distance from the centre.....A site will not be well connected to a centre where it is physically separated from it by a barrier such as a major road, railway line or river and there is no existing or proposed pedestrian route which provides safe and convenient access to the centre'* Only if there are no town centre or edge-of-centre sites can out-of-centre sites be considered, with preference given to those well served by a choice of means of transport and with the potential for links with the town centre. In view of the new emphasis on making it happen, it is likely that more town centre and edge-of-centre sites will be brought forward. So the opportunities for developers to argue for out-of-centre sites should recede under these policies.

- 2.9 Developers, retailers and other operators are expected to be flexible about the scale and format of their scheme, car parking provision, and the scope for component parts of it to be fitted onto town centre or edge-of-centre sites (disaggregation). PPS6 states that it is not the intention to seek arbitrary sub-division of proposals, thus leaving some scope for those pressing for large format developments. However, it will not be enough for retailers to argue that they sell goods which can't be sold from a town centre site; and their difficulties in operating from a town centre location will have to be genuine and substantial. Some regard has to be paid to business models, but it is not paramount: what is more important is the principle of town centres first.
- 2.10 PPS6 confirms that extensions to out-of-centre stores (including internal alterations) are to be subject to the sequential approach – the only exception being extensions where the gross floorspace created does not exceed 200 sq m. Thus for example, food superstore operators wanting to extend their out-of-centre stores to sell more comparison goods, must consider whether they could instead open a comparison goods store in the town centre. Asda and Tesco are already testing such stores in a few locations, and other retailers will be likely to follow – which could generate new 'anchors' for town centre schemes.
- 2.11 PPS6 should now be resulting in more local authority-led opportunities appearing for town centre and edge-of-centre development, particularly in medium sized and smaller centres. However, some of these may be aspirational rather than realistic, because values in small centres are sometimes too low to make new development viable; and because of the current depressed short term economic outlook. A further obstacle could be the cost of creating good linkages or breaching barriers to pedestrian movement, to enable a site to function as edge-of-centre. The way forward will be higher density mixed uses – where design or heritage constraints permit. Meanwhile, the largest centres will continue organic growth and consolidation, even if some major schemes there are curtailed following plan-led reviews of the retail hierarchy.
- 2.12 Out-of-centre, once permitted developments have been implemented, there should be few more large scale developments, at least until town centre and edge-of-centre opportunities have been fully taken up. However, the exemption of small extensions from the sequential approach – which does not preclude a succession of such – will provide some opportunities for growth and consolidation of existing retail parks and superstores. Also the concession of taking account of genuine difficulties with operating the applicants' business models from town centre and edge-of-centre sites will provide some opportunities for specialist retailers. DIY stores and deep discount retailers are obvious examples. Out-of-centre development is not over, but the balance has been tipped in favour of town centres. So values of existing out-of-centre development should rise, as owners work at improving planning conditions to widen the range of goods permitted, and undertake successive small extensions.

The main points

2.13 The main points of PPS6 in relation to retail development may be summarised as follows:

- Development is to be focused in existing centres.
- New development plans are to assess the need for development and allocate town centre and edge-of-centre sites.
- Higher density, mixed-use schemes are advocated, and design principles indicated.
- Local authorities are to be pro-active in making it happen, both through planning policies, and by exercise of their improved site assembly powers.
- There is a stronger presumption against out-of-centre developments than under the previous guidance in PPG6.
- But small extensions to existing such schemes are conceded, and some account is to be taken of applicants' business models.
- Annual monitoring of implementation is to be undertaken and regular review of town centre vitality and viability.

Proposed Changes to PPS6

2.14 In July 2008, the government published 'Proposed Changes to Planning Policy Statement 6: Planning for Town Centres', in the form of a Consultation document. The objectives of the suggested changes are *'First, they must support current and prospective town centre investment, which contributes to economic prosperity, and to our social and environmental goals.....Second, that it is important to ensure that planning promotes competition and consumer choice and does not unduly or disproportionately constrain the market.'*

2.15 In pursuance of these objectives, the principal changes proposed are as follows:

- i) Part 2 of PPS6 dealing with positive planning for town centres and the plan-led approach would be revised to place a greater emphasis on competition and consumer choice. However, it retains the requirement for local planning authorities to assess the need for main town centre uses when preparing their development plans, and to identify in their plans ways of accommodating identified need in accordance with the sequential approach. *'There is no proposed change to the requirement for planning authorities to assess the need for new town centre development or to take account of scale, impact and accessibility considerations or the sequential approach in selecting sites for development in development plans.'* In identifying and allocating sites in their development plans, local

authorities will be expected to apply the new 'impact test' described below. There would no longer be a requirement for local planning authorities to assess whether the network and hierarchy of centres needs rebalancing.

- ii) Part 3 of PPS6 dealing with development control is substantially revised. The main change would be replacement of the current requirement for applicants to demonstrate need for edge-of-centre and out-of-centre development which is not in accordance with an up-to-date development plan, with a new 'impact test'. This would need to be applied to edge-of-centre and out-of-centre development which is not in accordance with an up-to-date development plan; and to town centre developments which don't accord with the development plan and which would substantially increase the attraction of the town centre and could have an impact on other centres.
- iii) The new impact test would replace the existing tests in PPS6 paragraph 3.20. It sets out five 'key town centre impact considerations, both positive and negative', which may be summarised as:
 - Compliance with the development plan;
 - Impact on committed and planned public and private investment;
 - Appropriateness of scale;
 - For retail and leisure proposals, the impact on town centre trade/turnover;
 - Promotion or undermining of town centre vitality and viability, including local consumer choice and retail diversity.
- iv) Where a proposed development would have a significant impact under these tests, planning permission should normally be refused. If there are some impacts, but the prospect of them being outweighed by wider economic, social and environmental benefits, these wider issues would need to be assessed. The tests for wider impacts or benefits (in summary) are:
 - Impact on non-town centres being developed in accordance with the development plan;
 - Sustainability in terms of accessibility and travel;
 - Promotion of social inclusion;
 - Employment creation;

- For retail developments, 'clawback' of trade leakage from the catchment area;
 - Promotion or undermining of economic and physical regeneration in the area within 5 years of completion of the proposed development;
 - Efficiency in the use of land, and re-use of 'brownfield' sites.
- v) The new impact test is therefore in essence a 'zero impact test'; in that the effect of the development should be that it would cause no overall impact or would bring some net benefits.
- vi) *'High quality and inclusive design....sustainable development'* and *'tackling climate change'* are presented as overriding considerations in determining the acceptability of proposed developments (paragraph 3.19f). It seems likely that these latter requirements, if adopted as government policy, would effectively kill proposals for large, low density, car dependent developments, which are not located at public transport nodes – i.e. most out-of-centre superstores and retail warehouses.
- vii) The requirement for local authorities to produce annual monitoring reports on their town centres remains, but the indicators of town centre viability in Figure 1 of PPS6 are extended to include land values and the length of time key sites have remained undeveloped. The safety and crime indicator is extended to include the threat of terrorism, and the evening and night-time economy.

2.16 The consultation period on these proposed changes has recently ended, and the final version of the revised PPS6 (publication of which is expected in late spring or early summer 2009) may well differ. It is expected that 'Guidance' on assessing need, preparing impact assessments and applying the sequential approach, will be published at the same time.

The implications for Dacorum

2.17 Under policies in PPS6, further major retail development in the Borough beyond current commitments will have to be fully justified in terms of need (unless within a defined town centre, where it will not be necessary to demonstrate need), impact and the sequential approach. It will be necessary to consider whether part or all of it could be developed in smaller centres, so as to spread the benefits of growth more evenly, and reduce the need to travel for shopping. This provides national policy support for potential new retail development in small centres such as Berkhamsted and Tring, subject to local site planning and access considerations. In the smaller centres, any opportunities for new town centre development should be brought forward for new retail and other uses, as soon as a need is identified – subject of course to retailer demand and financial viability, both of which are currently lacking. Town centre development is slow, expensive and difficult, whereas out-of-

centre development is relatively quick, cheap and easy. However, government policy now no longer supports the easy option, and the Council will be expected to be pro-active in identifying and assembling sites for development where this is financially viable. The application of the sequential approach will be a strong tool to do this.

- 2.18 If the proposed changes to policy are confirmed, the Council will still be required to identify the need for new retail development, and then find ways of accommodating it in the development plan, in accordance with the sequential approach. The proposed Waterhouse Square is a good example of how the Council is already complying with this national policy requirement. Under the proposed changes, the Council will be provided with stronger tools in the form of the new impact test, for rejecting out-of-centre developments which would not generate a positive balance of benefit. However, in view of the shortage of town centre sites, in the longer term the Council will need to identify edge-of-centre opportunities, and how these can be linked with and integrated into the town centres, so that such development contributes to sustainability and mitigation of climate change.

3. Hemel Hempstead Town Centre – Vitality and Viability Assessment

- 3.1 The following Health Check considers the vitality and viability of Hemel Hempstead Town Centre drawing on the indicators set out in chapter 4 of PPS6. Paragraph 4.3 of PPS6 states that the vitality and viability of town centres (at the local level) should be kept under regular review.
- 3.2 In order to assess the vitality and viability of Hemel Hempstead Town Centre, we have updated data from the previous Dacorum Retail and Leisure Study undertaken by Donaldsons (now DTZ) in 2006. Site visits have also taken place in order to provide observations that will inform the updated Health Check. The postal survey of local businesses undertaken in 2006 has not been updated within this assessment.
- 3.3 This assessment concentrates on Hemel Hempstead Town Centre (i.e. the principal shopping area along and off Marlowes, including the new Riverside Shopping Centre). There is a secondary shopping area within the town centre, to the north of the main retailing core, Hemel Hempstead Old Town. This location is designated as part of the town centre within the hierarchy of towns in Dacorum. The attractive Old Town area provides some specialist retailers in addition to services for nearby residents. Currently, this area is divorced from the main retail centre and is relatively small. There is little retail information on this area, and therefore it has been treated as a specialist local centre and largely excluded from this analysis.
- 3.4 Hemel Hempstead Town Centre contains 243 retail and service units (as surveyed on 11/2/2008), compared with 232 that existed in 2006. The additional units are primarily due to the new Riverside Shopping Centre south of Marlowes, which provided 23 new stores, shops and cafe/restaurant uses.
- 3.5 The centre's primary shopping frontage or traditional 'High Street' is along Marlowes (although High Street itself is located in Old Town). The centre has two main purpose-built shopping centres, Marlowes Shopping Centre, which is an indoor mall located on the east side of Marlowes with two main entrances to the street, and the new Riverside Shopping centre, which is located at the south end of Marlowes.
- 3.6 Marlowes is predominantly pedestrianised; and anchored by the Marlowes Centre and Marks and Spencer at the south end, and (to a lesser extent) by Asda, up behind the east façade, at the north end. Riverside Shopping Centre is anchored by Debenhams, which provides a new focus at the south end of the town centre. A summary of the main 'areas' of the centre is included in Table 3.1.

Table 3.1: Summary of main shopping destinations in Hemel Hempstead Town Centre

Street	Description
Marlowes	Marlowes (in the town centre) is Hemel Hempstead's main shopping area. Stores are located along both sides of the street (much of which is pedestrianised) as well as inside the Marlowes Shopping Centre.
Riverside Shopping Centre	Riverside is the new shopping development at the end of the Marlowes (just past Marks & Spencer). Debenhams and other new shops, stores and cafes are situated at the Riverside Shopping Centre.
Bridge Street	Street to the north of Marlowes that comprises mainly services. Access only except buses and taxis.
Market	Hemel Hempstead's outdoor market is located in the centre of the Marlowes, along the pedestrianised area. The general market comprising fruit & vegetables, clothes and household goods is on Thursdays and Saturdays. There is also an antiques market on Wednesdays, currently located on the former outdoor market site.

Source: DTZ, 2008

- 3.7 In addition to the main shopping destinations outlined above, Dacorum Council has recently signed a formal Development Agreement with Thornfield Properties, enabling the £350m mixed-use Waterhouse Square development. The development aims to enliven the town's evening economy, and stem leakage of shopping expenditure to competing destinations where aspirational retailers are present. The scheme is set to include a 10,200 sq m food/non-food superstore as well as a range of shops between about 50 sq m and 500 sq m, situated around a new piazza area.

Diversity of Uses

- 3.8 Table 3.2 sets out the occupancy of the units within Hemel Hempstead Town Centre in terms of the retail categories of convenience goods, comparison goods, services and vacant units. The table shows the diversity of uses at 2008 compared with 2003 (as set out in the previous 2006 study). The data is set against the national average for town centres to provide a further comparison.

Table 3.2: Retail and services provision in Hemel Hempstead Town Centre by number of units in 2008 (compared with previous study 2003 data)

Type	No of Units 2003	% of Total 2003	No of Units 2008	% of Total 2008	% of National Average Total 2008	Variance from National Average % 2008
Comparison	110	47	132	54	45	9
Convenience	12	5	12	5	9	-4
Services	103	44	77	32	34	-2
Vacant	7	3	22	9	11	-2
Total	232	100	243	100	100	

Source: Experian Goad, November 2003 and February 2008

Notes: Individual percentages do not always sum to 100% because of rounding.

- 3.9 Table 3.2 shows that the number of units has increased overall by 11 units since 2003. The growth is partially a reflection of 23 new units at Riverside Centre. However, this indicates that there has been a loss of some 12 units elsewhere. According to Experian Goad, eight of the new Riverside Centre units are vacant, whilst overall vacancy levels have increased by six percentage points in Hemel Hempstead Town Centre.
- 3.10 It is not uncommon for vacancy levels to rise within a town centre initially after the introduction of new additional floorspace, particularly when market conditions are becoming more difficult, as over the last year or so. There will inevitably be a period of rationalisation whilst shops are being let, with some retailers relocating from old floorspace to new, and others falling out of the market. Proportionally however, vacancy levels are still below the national average by three percentage points.
- 3.11 Together with the rise in vacant units there has been a rise in the number of comparison goods shops. Hemel Hempstead has a higher than average representation of comparison goods shops (54%) when compared with the national average (45%). Growth in these sectors appears to have come at the expense of services, the number of which has proportionally fallen by 12 percentage points. At 12 units and 5%, the number of convenience goods shops has remained the same, which is four percentage points below the national average.
- 3.12 Table 3.3 shows the amount of gross ground floor 'footprint' floorspace occupied by the various sectors within Hemel Hempstead Town Centre.

Table 3.3: Retail and service floorspace provision in Hemel Hempstead Town Centre (sq m GF) in 2008 (compared with previous study 2003 data)

Type	Sq m 2003	% of Floorspace in Town Centre 2003	Sq m 2008	% of Floorspace in Town Centre 2008	National Average % 2008	Variance from National Average %
Comparison	32,643	55	41,995	65	51	14
Convenience	7,366	13	6,578	10	17	-7
Services	16,219	28	11,074	17	22	-5
Vacant	2,613	4	4,673	7	10	-3
Total	58,841	100	64,320	100	100	

Source: Experian Goad, November 2003 and February 2008

Notes: Individual percentages do not always sum to 100% because of rounding.

- 3.13 Again the comparison goods provision has grown in floorspace terms since 2003 and is higher than the national average, showing a strong degree of variance of +14%. The importance of services in the town centre appears to have reduced, with a loss of over 5,000 sq m of GF floorspace. Vacant floorspace in the town centre has grown by 78%, but remains proportionally slightly lower than the national average.
- 3.14 As mentioned above, it is likely that the higher level of vacant floorspace can be partially attributed to rationalisation in the retail market after the introduction of new additional floorspace. Vacancy levels are still below the national average, and it is likely that rises in both are also a reflection of the recent downturn in economic fortunes.

Retailer representation

- 3.15 A multiple retailer is defined as being part of a network of nine or more outlets. In some cases the presence of multiple outlets can enhance the appeal of a centre to shoppers. According to PROMIS (PMA), in October 2008 there were 90 multiple retailers operating in Hemel Hempstead. This figure is above the PMA Centre Type Average of 76.
- 3.16 Hemel Hempstead has 65% of the top 20 retailers¹ present, according to Focus. These retailers include: Boots, Marks and Spencer, Argos, Woolworths, WH Smith, Next, Dixons, Superdrug, Wilkinson, Primark, New Look, Dorothy Perkins and Rosebys. Those not represented at the date of survey include Debenhams, John Lewis, BHS, Lloyds Pharmacy, Co-op Department Stores and HMV. However Debenhams is the 'anchor' department store in the new Riverside development.
- 3.17 Retailer demand to locate in a town centre provides a good indication of the health of the centre. Table 3.4 highlights the current requirements from comparison goods retailers and service

¹ The definition of top 20 retailers is that these are the top 20 comparison goods multiples ranked by ORC's (international research company) forecast of average town centre sales for individual retailers within Great Britain.

businesses for Hemel Hempstead in 2008, compared with the level of demand outlined in the previous 2006 study. The minimum figures are the totals of each company's minimum, and the maximum the totals of their maxima. Altogether, as at October 2008, a total of 28 retailers and service businesses have expressed a demand for floorspace within Hemel Hempstead Town Centre.

Table 3.4: Retailer Requirements Within Hemel Hempstead in 2008 (compared with 2005)

2005 Requirement	Comparison	Service	Total
No. of requirements	26	12	38
Sq m Minimum	19,060	1,930	20,990
Sq m Maximum	36,986	3,134	40,120
(Sq ft Minimum)	(205,160)	(20,774)	(225,934)
(Sq ft Maximum)	(398,114)	(33,734)	(431,848)
2008 Requirement	Comparison	Service	Total
No. of requirements	11	17	28
Sq m Minimum	8,593	7,324	15,916
Sq m Maximum	27,230	16,207	43,437
(Sq ft Minimum)	(92,490)	(78,830)	(171,320)
(Sq ft Maximum)	(293,100)	(174,450)	(467,550)

Source: Focus, 2005 and 2008

- 3.18 Convenience goods retailers such as the main supermarket operators and small independent convenience store retailers do not usually post their requirements on databases such as Focus, so the table above does not represent a complete picture. However, in terms of comparison goods retailers and service businesses, it can be seen that 28 organisations have posted an expression of interest in locating within Hemel Hempstead (as of October 2008). It must be noted that this analysis includes historic demand for space from some of the retailers. However, Section 4 of this report provides further detail on recent retailer demand.
- 3.19 The overall fall in expressions of interest since 2005 is likely to be a result of the economic downturn in 2008. Despite a significantly lower number of comparison goods retailers looking for space in Hemel Hempstead, services' floorspace requirements have increased since 2005. The result of increased demand from service businesses is a larger maximum requirement for space in 2008 (43,437 sq m). However, two of the businesses requesting space are self storage companies, which are unlikely to take up space within the town centre.
- 3.20 The main existing multiple retailers within Hemel Hempstead Town Centre are situated along Marlowes, within the newly built Riverside Centre, and within the older Marlowes Shopping Centre. The Marlowes Shopping Centre is enclosed with two entrances onto Marlowes, whereas the Riverside Centre is open air, continuing the pedestrianisation from the southern end of Marlowes. Riverside Centre is anchored by Debenhams, with other stores including TK Maxx, Waterstones, and Laura Ashley; and restaurants such as Pizza Express and Starbucks present. Marlowes Shopping Centre opened in 1990 and is anchored by Marks and Spencer,

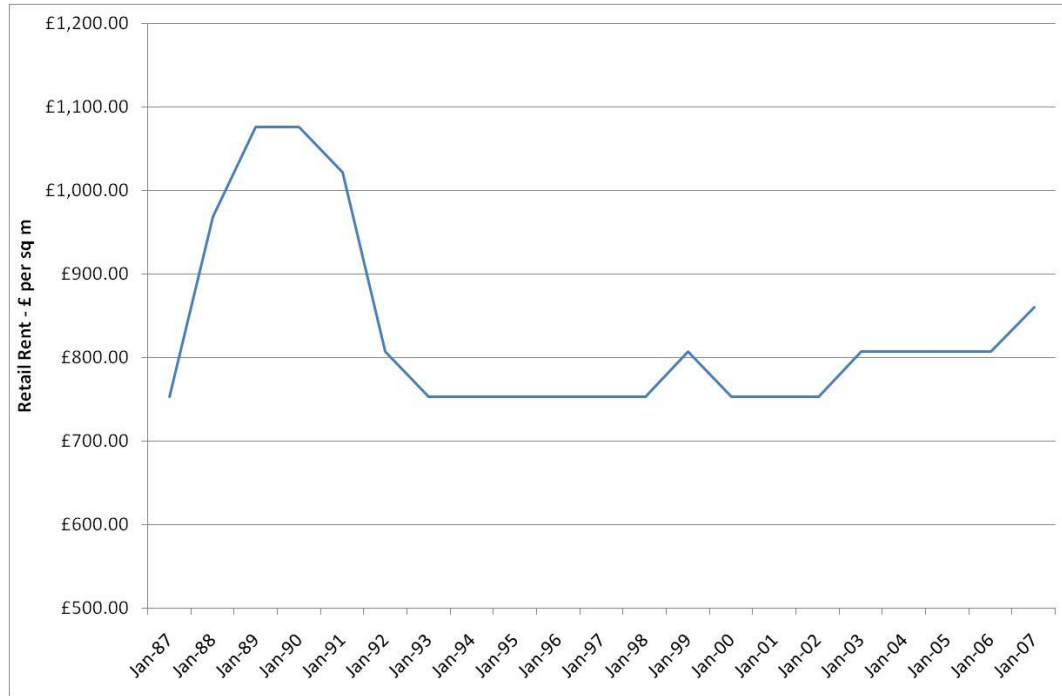
Argos and Wilkinsons, whilst accommodating other multiple retailers including Topshop, H Samuel, River Island and Body Shop.

- 3.21 Riverside Centre has significantly improved the look and offer of the town centre, introducing a handful of higher-end retailers such as Debenhams. However, much of the market offer in the rest of the town centre is mid to lower market (the latter often described as 'value retailing'). There are a number of discount comparison goods stores, such as Poundland, Primark and Wilkinson, together with several charity shops.
- 3.22 In terms of the services sector, there are a number of A2 professional and financial services present amongst the comparison goods retailers in the centre, including Barclays, Woolwich, HSBC and Halifax. In addition, a number of fast food outlets, cafes and restaurants, bars and public houses, estate agents and employment agencies are also located in the town centre. There are some convenience goods stores in the centre, including a 3,660 sq m Asda and an Iceland of 1,240 sq m (both gross ground floor 'footprint' floorspace from Experian Goad). The 6,500 sq m (GF) Marks & Spencer also has an estimated 985 sq m net sales area dedicated to food shopping. In addition, there are several bakers and wine merchants in the town centre.

Shop Rental Values

- 3.23 The level of rent which retailers are prepared to pay for retail space within a town centre is an indication of the perceived attractiveness of that centre (although other factors such as the availability of floorspace have an impact on rental value). Rental values can also provide a measure of the primacy of streets and locations within a town centre.
- 3.24 Zone A rental values for a shop 'of optimum size and configuration in prime pitch' within Hemel Hempstead Town Centre show achieved levels of around £860/sq m in June 2007 (Focus, 2008). Graph 3.5 shows that Zone A rental value within Hemel Hempstead remained at a fairly steady level of around £750/sq m, after a drop from almost £1,080/sq m in the early 1990s; followed by the recent rise to about £860/sq m, from the 2002 level.

Graph 3.5: Prime Zone A Shop Rental Values



Source: Focus 2005

- 3.25 Table 3.6 compares the latest Zone A rental values in Hemel Hempstead with those in neighbouring and competing centres. It can be seen that (according to PMA) Hemel Hempstead achieved lower Zone A rental values in mid-2008 than all of the neighbouring centres other than Aylesbury, which achieved the same rental value levels. High Wycombe is very comparable in terms of size with Hemel Hempstead, but has a Zone A rental value that is £431 higher than that in Hemel Hempstead.
- 3.26 Zone A rental values in 2008 have grown by 33% since 2004 in Hemel Hempstead, significantly higher than growth over the same period in the other centres, apart from High Wycombe, which saw 65% growth. Both Hemel Hempstead and High Wycombe's Zone A rental value growth could be attributable to recent development and introduction of new floorspace in both town centres, helping to elevate them and set a new tone of values.

Table 3.6: Zone A Rental Values in Hemel Hempstead and Neighbouring Towns

Town	Zone A Rental Value (£ sq m) mid -2004	Zone A Rental Value (£ per sq m) mid - 2008	% Change in Rental Value, 2004 to 2008
Aylesbury	1,076	1,076	0%
St Albans	1,237	1,453	17%
Luton	1,883	1,938	3%
High Wycombe	915	1,507	65%
Hemel Hempstead	807	1076	33%
Watford	3300	3337	1%

Source: PMA, 2004 & 2008

- 3.27 According to EGI, at the time of writing there were ten retail/leisure units available to rent in Hemel Hempstead Town Centre. The majority of units available on the database appear to be small units towards the north of Marlowes, as shown in Table 3.7.

Table 3.7 Availability of retail units to let in Hemel Hempstead Town Centre

Address	Size (sq m)	£ pa	£ per sq m	Date
176 Marlowes. HP1 1BH	167	Not Available	Not Available	30/06/2006
6 Marlowes Shopping Centre.	91	£0 - £48,300	£529	07/03/2007
23 High Street. HP1 3AA	48	£18,000	£371	04/01/2008
133 Marlowes	1,366	Not Available	Not Available	17/03/2008
99 High Street	50	£9,000	£180	17/03/2008
93 Marlowes. HP1 1LF	99	Not Available	Not Available	16/05/2008
117 Marlowes. HP1 1BB	102	£17,500	£171	02/07/2008
146 Marlowes. HP1 1EZ	71	Not Available	Not Available	01/09/2008
154 Marlowes. HP1 1BA	77	£25,000	£325	19/09/2008
33-34 Market Square. HP1 1EP	57	£18,000	£316	30/09/2008

Source: EGI, October 2008

- 3.28 Table 3.8 summarises leasehold transactions that have been completed in the last six months within Hemel Hempstead Town Centre. As Table 3.8 shows there were a number of transactions in the town centre between 2005 and 2007, mainly within the main shopping area of Marlowes, and pre-lets at the new Riverside Centre. Transactions in 2008 appear to be low, with only one recorded on the EGI Database.

Table 3.8: Leasehold Transactions (since 2005)

Address	Size (sq m)	£ per sq m	Price	Date	Details
U48 The Marlowes Shopping Centre, Hemel Hempstead, HP1 1DX	173	Not Available	Not Available	12/03/2008	Lease
Unit 252-254 The Marlowes Shopping Centre, Hemel Hempstead, HP1 1DX	548	£182.00	Not Available	15/10/2007	Lease
9 - 11 Queensway, Hemel Hempstead, HP1 1LR	56	Not Available	Not Available	01/10/2007	Lease
38 The Square, Marlowes, Hemel Hempstead, HP1 1EP	34	Not Available	Not Available	15/09/2007	Lease
Unit 2 The Marlowes Shopping Centre, Hemel Hempstead, HP1 1DX	187	£592.00	Not Available	26/06/2007	Lease
Unit 1 The Marlowes Shopping Centre, Hemel Hempstead, HP1 1DX	Not Available	Not Available	Not Available	27/02/2007	Lease
Unit 44-45 The Marlowes Shopping Centre, Hemel Hempstead, HP1 1DX	465	Not Available	Not Available	13/11/2006	Lease
99 High Street, Hemel Hempstead, HP1 3AH	50	Not Available	£8,750,000	12/10/2006	Sale
148 Marlowes, Hemel Hempstead, HP1 1EZ	57	£322.00	Not Available	06/07/2006	Lease
Riverside, Marlowes, Hemel Hempstead, HP1 1BL	279	Not Available	Not Available	09/06/2006	Lease
The Marlowes Shopping Centre, Hemel Hempstead, HP1 1DX	Not Available	Not Available	Not Available	26/04/2006	Lease
Riverside, Marlowes, Hemel Hempstead, HP1 1BL	920	Not Available	Not Available	17/08/2005	Pre-Let
Riverside, Marlowes, Hemel Hempstead, HP1 1BL	846	Not Available	Not Available	01/07/2005	Pre-Let
Riverside, Marlowes, Hemel Hempstead, HP1 1BL	3,233	Not Available	Not Available	01/07/2005	Pre-Let
Riverside, Marlowes, Hemel Hempstead, HP1 1BL	604	Not Available	Not Available	01/07/2005	Pre-Let
Riverside, Marlowes, Hemel Hempstead, HP1 1BL	61	Not Available	Not Available	01/07/2005	Pre-Let

Source: EGI, October 2008

Commercial Yields

- 3.29 The commercial yield on non-domestic property is an indication of the confidence of investors in the rental growth potential of a town centre. However, both Government and the RICS have warned that this requires careful analysis and its limitations must be understood. The yield on a

property investment represents the return (in the form of rent) on capital to an investor. As property investments do not usually produce a fixed income (i.e. rents are reviewed – usually upwards only - according to market conditions, under the terms of the property's lease), the greater the prospect of future rental growth, the lower the initial yield which an investor would be prepared to accept. Conversely a higher yield reflects a lower expectation of future rental growth prospects. Yields are therefore an indicator of expectations of rental growth and thus of the general economic prospects for a town centre.

- 3.30 Research by the VOA has tracked shopping centre yields from January 1994 to July 2008. From the data, Hemel Hempstead has held its yields since 1996 at 6%. Although for some of the sales shown in Table 3.9 the yields are unknown, according to Focus, many of the proven yields within the main shopping areas now reach levels exceeding 6%. Table 3.9 summarises the most recent investment sale transactions.

Table 3.9: Recent Investment Sale Transactions

Address	Date	Deal type	Size (sq m)	Sale Price (£)	Yield %
Marlowes Shopping Centre, Marlowes. HP1 1DX	17/02/2008	Freehold Investment Sold	134	Not Known	Not Known
133, Marlowes. HP1 1BB	01/12/2007	Freehold Sold	137	Not Known	Not Known
97, High Street. HP1 3AH	01/12/2007	Freehold Sold	57	Not Known	Not Known
133, Marlowes. HP1 1BB	08/11/2007	Freehold (Part Vacant) Sold at Auction	Not Known	540,000	2.67
11, Bank Court. HP1 1BZ	06/02/2007	Freehold Investment Sold at Auction	Not Known	950,000	7.89
166, Marlowes. HP1 1BA	07/02/2006	Freehold Investment Sold at Auction	Not Known	Not Known	Not Known
144, Marlowes. HP1 1EZ	28/02/2005	Freehold Investment Sold at Auction	72	300,000	6.33
138, Marlowes. HP1 1EZ	28/02/2005	Leasehold Investment Sold at Auction	76	272,000	7.17
142, Marlowes. HP1 1EZ	28/02/2005	Leasehold Investment Sold at Auction	72	270,000	6.83

Source: Focus 2008

- 3.31 As Table 3.9 shows, there have been few shop property investment sales in the last year or so, from which the current tone of yields can be established. However, the VOA's assessment of an unchanging yield level of 6% suggests that Hemel Hempstead is remaining steady in terms of investors' perceptions of future rental growth prospects.

Vacant Retail Property

- 3.32 The proportion of vacant street level property provides a strong indication of the health of a town centre. It should, however, be considered with a degree of caution as vacancies can arise even in the strongest town centres, especially where properties are undergoing alteration. As explained above, this is particularly likely where new major developments open or significant additional floorspace is added and a town centre undergoes a period of transition.
- 3.33 According to Experian Goad, Hemel Hempstead had 22 vacant outlets in February 2008, rising from seven vacant outlets in 2005. This accounts for 9% of total retail and services units in the town centre. In comparison with the national average (12%), Hemel Hempstead is performing well according to this indicator, and has achieved low levels of both vacant floorspace and number of vacant units. However, it must also be considered that Hemel Hempstead has recently added additional floorspace, so the levels of 'churn' may be slightly higher than normal. The vacant units are mainly located in side streets off Marlowes (Marlowes itself has few vacant units), in secondary shopping areas, and in some parts of Riverside Centre that are not on the main thoroughfare, where new shops had not at that time let.

Pedestrian Flows

- 3.34 There are no recent published pedestrian flow counts in Hemel Hempstead Town Centre. However, on the day of our site inspections (a Wednesday) the area outside the Marlowes Centre had a bustling feel, with higher pedestrian activity than the area to the north of Bridge Street. Bridge Street itself was busy with people in transit and those waiting for buses at the various stops. Pedestrian flows were lower in the Market Square and appeared to be lower than at Riverside Shopping Centre, which had a more relaxed feel. Marlowes and the Marlowes Centre appeared to be the prime retail areas in terms of pedestrian flows, with significant footfall also filtering its way into Riverside Centre, but less so beyond Debenhams. These findings confirm that the pedestrianised part of Marlowes, the Marlowes Centre and Riverside Centre are the prime retail areas in terms of pedestrian flows.

Accessibility

- 3.35 Hemel Hempstead Town Centre is easily accessible. The town centre is located south of Luton and west of St Albans, situated approximately 5 km from junction 20 of the M25 along the A41.
- 3.36 Hemel Hempstead is on the main line between London Euston and Rugby. Trains run from London about every 20 minutes, with a journey time of around 25 minutes. Although the railway station is not located in the town centre, frequent buses link the station with the town centre.
- 3.37 Additionally, Hemel Hempstead has good access to main airports, provided by a bus service, which runs from Gatwick via Heathrow and Luton to Hemel Hempstead, every hour.

- 3.38 The Bus Station is situated within the town centre on Waterhouse Street immediately west of Market Square, just a minute walk from the main Marlowes shopping area. In addition there are a number of bus stops with modern shelters in and around Hemel Hempstead Town Centre. The principal stops are located on Bridge Street. On our visit to Hemel Hempstead Town Centre, we did not see any evidence of real-time bus information systems in use, whilst some of the bus information posters appeared to be in poor condition.
- 3.39 There is a good choice of bus services serving Hemel Hempstead Town Centre including the following routes:-
- 1 Adeyfield – North End Farm via Town Centre.
 - 1A Adeyfield – Hemel Hempstead Station via Town Centre.
 - 2 Woodhall Farm – Gadebridge & Chaulden Via Grovehill – Highfeild – Hemel Town Centre – Hemel Station
 - 3 Long Chaulden – Woodhall Farm via bus station
 - 4 & 5 Bennetts Gate – Grove Hill via Town Centre - Highfield
 - 5 & 6 Garston – Rickmansworth via Hemel Hempstead Station (6)– Adeyfield (6)– Leverstock Green (6)– Bedmond (6)– Abbots Langley (5)– Garston (5 & 6)– Watford Junction (5 & 6)– Watford Town Centre (5 & 6)– Rickmansworth (5 & 6)– Berry lane Estate (5)– Maple Cross (6)
 - 6 Watford – Hemel Hempstead via Leverstock Green – Bedmond – Garston
 - H11 Boxmoor - Chambersbury Lane – Bus Station Via Crabtree Lane
 - H13 Maylands Avenue Industrial Area – Rail Station Via Long Chaulden – Gadebridge
 - H14 Maylands Avenue Industrial Area - Woodhall Farm Via Highfield
 - H19 & H20 Hemel Hempstead - Abbots Langley Via Bedmond - Kings Langley - Apsley
 - 30 & 31 Aldbury - Hemel Hempstead Via Water End - Great Gaddesden - Ringshall - Berkhamsted - Northchurch - Tring
 - 46 Luton - Hemel Hempstead Via Redbourn - Flamstead - Markyate - Slip End
 - 52 & 62 Hemel Hempstead - Amersham Via Chesham – Bovingdon – Pond Park Estate –Chesham – Amersham – Holmer Green – Hazlemere – Terriers – High Wycombe Station.
 - 300 & 301 Stevenage, Lister Hospital – Stevenage Old Town – Stevenage - Welwyn GC – Hatfield – St Albans City
 - 352 Watford – Hemel Hempstead via Bvingdon – Chipperfield – Sarratt Green
 - 500 Watford – Aylesbury Via Tring – Berkhamsted – Hemel Hempstead – Kings Langley
 - Green Line 758 London, Victoria – Hemel Hempstead Via M1 motorway – Brent Cross – Finchley Road – Baker street – Marble Arch – Hyde Park Corner – London Victoria
 - Central Line 300 & 301 Hitchin – Hemel Hempstead Via Hitchin – Stevenage – Welwyn Garden City – Hatfield – St Albans – Hemel Hempstead

Parking

- 3.40 Hemel Hempstead Town Centre has ten central car parks available for shoppers with two other car parks located further out of the centre in Boxmoor and Apsley. The town centre car parks provide a range of short term and long term parking. There are approximately 550 short term

spaces and 550 long term spaces with an additional 159 spaces available on a Saturday in the Civic Centre car park. The local area also offers a further 100 short term spaces and 100 long term spaces. There are a limited number of on-street parking facilities, with some provision for disabled users. In terms of overall parking spaces, the main change since the previous retail study in 2006 is the 350 additional parking spaces at the new Riverside Centre.

- 3.41 In terms of car park quality, all of the main car parks within Hemel Hempstead have been assessed. We used a proforma to assess each car park individually, a copy of which, together with a complete table of results, is included in Appendix 1.
- 3.42 The main strengths of the car parks surveyed were, as observed in the 2005 survey, the high level of cleanliness and the quality of the car park surfaces. The majority of car parks were tidy with minimal amounts of litter in evidence and only a few examples of graffiti were observed.
- 3.43 In general the car park surfaces remain in good condition. However that of the car park on London Road Apsley appears to remain in need of improvement, as also highlighted in the survey undertaken as part of the 2006 Retail & Leisure Study.
- 3.44 The town's car parks continue to demonstrate a low level of security, with poor lighting provision adding to this significant weakness. Although certain central car parks are covered by CCTV, none of the sites have secured status and no security patrols were observed at the time of visit. Security levels appear to decrease with distance from the town centre, as does the amount of lighting provision. Some car parks' sole illumination is provided by streetlights on adjacent carriageways.
- 3.45 Signage and surface markings within the car parks are generally of a fair standard. However signage and access from the roads is poor. Road signs directing drivers to the central car parks are in evidence on the main approaches to the town centre; however once in the immediate proximity of the car parks, clear signage is lacking. The less central car parks suffer from an even lower level of signage, with car parks deficient in signs to highlight their entrances, and little indication of the existence of the car parks themselves.

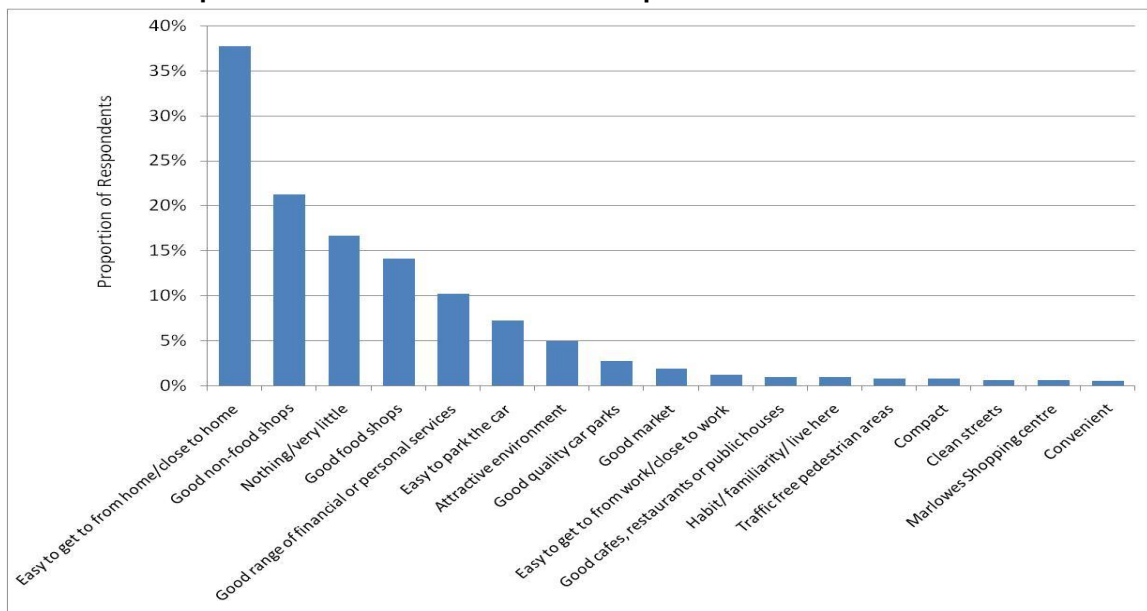
Customer Views and Behaviour

- 3.46 In 2005 Donaldsons (now DTZ) designed and commissioned an on-street interview survey of shoppers and other town centre users in order to inform the previous 2006 Dacorum Retail & Leisure study. That survey has not been repeated in this Study Update. However, the recent Household Interview Survey (July 2008) commissioned to inform the RECAP Model in this report also asked respondents which town or district centre members of their household use most for shopping. Respondents were then asked to give their main likes and dislikes about that particular centre. Respondents could give any answer. The cross-tabulated results for Hemel Hempstead Town Centre are shown below.

3.47 Graph 3 shows the likes of shoppers who use Hemel Hempstead most for shopping. It can be seen that proximity, or ease of access from home is the main feature liked (38% of respondents). The other main responses show that people liked the range of shops and services in the town centre. 21% liked the 'good non food shops', 14% liked the 'good food shops', and 10% of respondents liked the 'good range of financial or personal services'. In addition 7% liked the ease of car parking, whilst 5% liked the attractive environment. 17% of respondents liked nothing or very little about Hemel Hempstead town centre.

3.48 A handful of respondents mentioned particular shops as the main feature they liked about Hemel Hempstead. 6 people answered 'Tesco' and 5 people answered 'Sainsbury's'; however none gave answers referring to comparison goods shops such as Debenhams or Marks & Spencer.

Chart 3.10: Respondents 'Likes' about Hemel Hempstead Town Centre

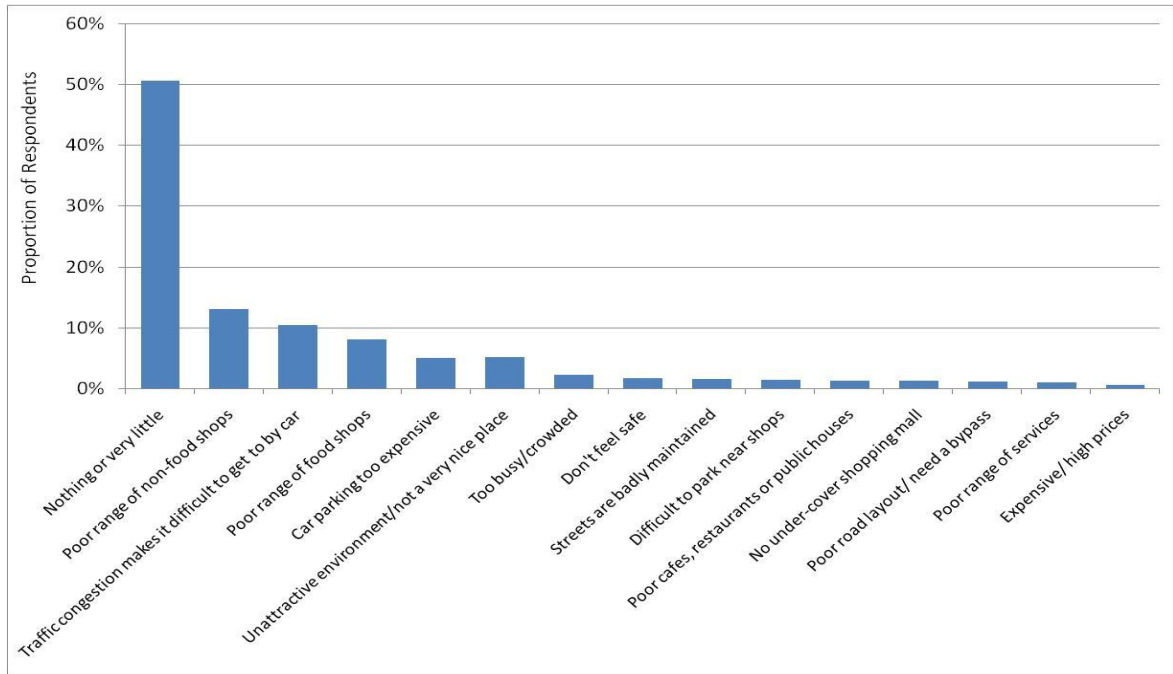


Source: Dacorum Household Interview Survey 2008, DTZ.

3.49 Chart 2.11 shows the dislikes of shoppers who use Hemel Hempstead most for shopping. In terms of dislikes, 13% of the survey respondents stated that there is a poor range of non-food shops, whilst 8% thought the range of food shops was poor. Other common responses included a dislike of the traffic congestion making Hemel Hempstead difficult to get to by car (10%), expensive car parking (5%), and the (perceived) unattractive environment.

3.50 However, it can be seen that over 50% of respondents disliked nothing or very little about Hemel Hempstead Town Centre. When compared with the 17% of respondents who liked nothing or very little about the town centre, it shows that there is a strong positive balance of those who are satisfied with Hemel Hempstead over those who are not.

Chart 3.11: Respondents 'Dislikes' about Hemel Hempstead Town Centre



Source: Dacorum Household Interview Survey 2008, DTZ.

3.51 Although, as stated above, an on street interview survey was not carried out, the main conclusions from the previous (Dacorum Retail & Leisure Study, 2006) on-street shopper survey emphasised the fact that Hemel Hempstead could be losing out as a destination shopping centre, since most people shopped there because it was convenient, rather than because of its inherent attractions. The new Riverside Centre was expected to result in Hemel Hempstead having a wider pull from the surrounding area. However, the recent national and global decline in economic fortunes is likely to offset any benefit from increased visitors in the short term.

3.52 From the information available with regard to security the overall picture was mainly positive - a high proportion of people felt secure in the town centre during the day. However, fewer users felt as secure in the evening.

Survey of businesses

3.53 A survey of businesses in the town centre was commissioned for the 2006 report. It was designed to give an insight into how existing businesses in the area perceive Hemel Hempstead Town Centre. 225 questionnaires were sent out with a response rate of 17% (38 businesses). The survey has not been repeated for this report, but the main conclusions from the previous analysis are summarised below.

3.54 From the businesses surveyed in 2005, there was a slightly negative attitude towards the town centre. A high proportion of businesses were not expecting to expand. This, coupled with the fact that very few respondents were from new businesses, suggested that business

opportunities and business confidence were somewhat lacking in Hemel Hempstead Town Centre. It was expected that this situation would be likely to change with the completion of the Riverside Centre.

- 3.55 It was evident that many retailers were waiting to assess the impact of the Riverside Centre on the town centre before they made any long term future plans. Thus it is likely that some degree of stability, now that the new centre has been completed, could help retailers to make decisions for the future. However again, the current downturn in the national economy will be likely to increase negativity amongst retailers, and cause them to curtail any expansion plans.

Crime and Security

- 3.56 As indicated in PPS6, the perception of safety and occurrence of crime are useful indicators for assessing the health of town centres. DTZ's assessment of the state of the environment in Hemel Hempstead Town Centre revealed that there were some secondary areas of the centre that were less well lit, in particular between the car parks and the main shopping areas. As in 2005, CCTV and police presence were all noted within most of the main pedestrianised areas; but there appeared to be a lack of visible CCTV and police presence within the market area. The number of boarded up shops and graffiti in the market added to the poor impression of safety. This is of course only temporary, pending the redevelopment of the former market area as part of the Waterhouse Square project.
- 3.57 From the on-street shopper survey that was carried out in 2005, the perceptions of people interviewed regarding safety and security in Hemel Hempstead Town Centre during the day suggested that 62% of people surveyed thought that security in Hemel Hempstead was good or very good. Only 8% stated that it was poor or very poor. In the evening this proportion fell significantly, with 38% of those surveyed describing the security level as good or very good and 34% describing it as poor or very poor. The survey had not been repeated for this report.

Environmental Quality

- 3.58 In order to reassess the state of the town centre environment, we undertook a new survey of the four main shopping areas of the town centre, Marlowes (divided into north and south), Bridge Street and the market area. Table 3.12 summarises our assessment. Ten environmental features on each street were rated on a scale of one to five, where one is very poor and five is very good. On this basis, three represents a neutral score. The average scores for each environmental aspect are set out in Table 3.12.

Table 3.12: Environmental Quality Survey Results

Topic	Average Score
Condition of carriageway and pedestrian surface, street lights, bollards, signs, traffic signs and signals	4
Seats/Planters/Hanging baskets/ Litter bins/ water features/ public art	2.75
Public facilities, telephones, bus stops, shelters, public toilets	3
Graffiti, fly posting, vandalism	3
Market stalls and street traders	3
Barriers to movement	3.5
Cycle parking	2.67
Maintenance and repair of buildings, shopfronts and canopies	2.25
Personal security and police presence	2.75
Wheelchair access, facilities for the partially sighted	3.25

Source: DTZ Survey 2008.

- 3.59 As indicated in Table 3.12 the condition of the carriageways and pedestrian surfaces throughout the town centre is consistently good. In addition, the ease of movement around the shopping district for both able bodied and disabled users was also found to be a strength of the retail area. The maintenance and upkeep of the shop frontages, as in the 2005 survey, is a significant weakness, as is the overall condition of the market (pending its redevelopment). A more detailed results table for each area and a copy of the environmental quality survey proforma are provided in Appendix 2.

Marlowes

- 3.60 For the purposes of the survey Marlowes was split into Marlowes north of Bridge Street and Marlowes south of Bridge Street. Marlowes south was awarded the highest score of the four areas, with all ten of the environmental categories being rated as good, very good or excellent. Shoppers benefit from well maintained seats, litter bins and public artworks, in addition to very clean, evenly paved pedestrian surfaces. CCTV coverage is in evidence which, coupled with the street lighting provision and relatively high volume of shoppers present, creates a high level of perceived security. The street traders located in this area sell their produce from attractive market stalls which, together with the public art installations, remove the sense of sterility that is sometimes felt in similar streets in other town centres.
- 3.61 The lack of public facilities in this area is noticeable, especially with regard to the provision of telephone boxes and public conveniences. This was highlighted in the 2005 survey and appears to remain unchanged. The other significant weakness of Marlowes south is, as identified in the previous survey, the general appearance of shop fronts and canopies, with certain frontages in need of repainting. This lack of private sector maintenance depresses the overall ambience of the street, which would otherwise be excellent.

- 3.62 Marlowes north is rated below its southern section in this assessment of environmental quality. The street's strengths lie in the provision of access for disabled users and the presence of public facilities such as bus shelters. There is a high level of provision of litter bins and seats along the street; however these items of street furniture need attention paid to their cosmetic appearance, with maintenance such as repainting required. A bicycle rack is provided at the northern end of the street, and the carriageway and pedestrian surface appear to be in a good condition.
- 3.63 The main weaknesses of the northern section of Marlowes are that the sense of personal security is lower than that of Marlowes south, and that the shopfronts lining the street are in a poorer state with more maintenance needed. The pedestrian flow is less than that of the southern section of Marlowes and there is more graffiti (but less litter) in evidence.

Bridge Street

- 3.64 Bridge Street was awarded the same overall mark as Marlowes north in this survey. The provision of street furniture and public facilities was very good, although their condition could be improved. The ease of movement for both able bodied and disabled users was good; although crossing the road was made more difficult by the number of buses using the road and the cars parked on the opposite side of the street to the bus stops.
- 3.65 The main weakness of this street was, as also found in the 2005 survey, the lack of bicycle facilities. Although a few informal opportunities for cycle parking existed, there were no bicycle racks or cycle lanes along this street. Although it is designated as a bicycle precinct, cyclists are not separated from the buses and taxis that are also permitted to use Bridge Street. Although better maintained than those of Marlowes north, the appearance of canopies and shop fronts of the buildings lining the street could be improved. In terms of personal security Bridge Street feels less safe than Marlowes south due to the apparent lack of CCTV coverage. However the high level of pedestrian flow due to the proximity of the bus station and the number of people waiting for buses on the pavement add to a general sense of security.

The Market Area

Hemel Hempstead's market area has, as in the 2005 survey, been rated the lowest of the four areas with regards to environmental quality. The market stalls and canopies are unattractive looking and in need of maintenance, with the surrounding buildings exhibiting the same characteristics. There is a lack of both public facilities and street furniture in the area and a high level of littering and graffiti. The most significant weakness of the market area is the very poor level of perceived security. Thus there are dark corners to the square and no CCTV apparent; and although at the time of visit an antiques market was in operation, the sense of personal security was very low. This area is proposed for redevelopment in the medium term, as part of the Waterhouse Square development. This helps to explain the lack of maintenance and relatively poor environment.

Environmental Quality Overall

- 3.66 The shopping areas of Hemel Hempstead Town Centre are generally clean and tidy, with carriageways and pedestrian surfaces in good condition. The provision of street furniture and public facilities is good, although those in the streets other than Marlowes south appear to be in need of some repair and repainting. The ease of movement of pedestrians around the retail district is very good; however improvements could be made for cyclists. The greatest weakness of the town centre is the appearance of the shop frontages throughout the entire area, with many privately owned facades in need of maintenance. The environmental quality of Hemel Hempstead Town Centre is overall very good, although the poor state of the market area pending its redevelopment currently detracts from the quality of the other shopping streets.

Summary

- 3.67 Since the opening of Riverside Centre, Zone A rental values have risen in Hemel Hempstead Town Centre. Despite achieving lower Zone A rental values than neighbouring centres such as St Albans, Luton, High Wycombe and Watford, rental values in Hemel Hempstead have grown by a third since the last retail study was undertaken in 2006. The growth is significantly higher than all neighbouring towns other than High Wycombe, which has also achieved new town centre retail development. It is evident that the addition of Riverside Centre has introduced higher quality floorspace into the town centre.
- 3.68 Hemel Hempstead Town Centre has a diverse range of retail and service provision. Even before the opening of Riverside Centre and the introduction of Debenhams (which is ranked 5th in the top 20 retailers according to Focus) and other UK multiples, the town centre contained more than 65% of the top 20 retailers. However, over the past four years (since the 2006 report) there has been a loss of 26 service operators resulting in the town centre having a higher proportion of comparison goods retailers when compared with the national average.
- 3.69 Vacancy rates have also risen since the analysis for the previous retail study was undertaken in 2006. However, proportionally, vacancy levels are still below the national average. Despite the challenging economic climate, it is not uncommon for vacancy levels to rise within a town centre initially after the introduction of new additional floorspace. There will inevitably be a period of transition whilst units in new areas of the town centre are being let, with some retailers shifting from old floorspace to new, and others falling out of the market.
- 3.70 In terms of the new floorspace, it is evident that Riverside Centre provides an attractive addition to the town centre, with Debenhams being an excellent anchor tenant. It is unfortunate that the global economic downturn has arrived shortly after the addition of significant new floorspace to the town centre. Given the design and layout of the centre, some of the shops positioned at the end of the main shopping area (beyond Debenhams) may not receive naturally high footfall ,and

could therefore be more suited to destination and specialist retailers or to service businesses such as cafes and restaurants.

- 3.71 Even with the addition of Riverside Centre, it may be the case that Hemel Hempstead still lacks the critical mass to compete with some of its larger neighbouring town centres. However, the planned £350m mixed-use Waterhouse Square development that aims to enliven the town's evening economy and stem leakage of shopping expenditure to competing destinations, could help to create the critical mass required to alter shopping patterns further. That scheme is set to include a 10,200 sq m food/non-food superstore as well as a range of shops between around 50 sq m and 500 sq m.
- 3.72 This proposed new development in Hemel Hempstead Town Centre will be aided by the fact that the town is very accessible to current and potential shoppers by a choice of means of transport including car, bus and (to a lesser extent) train. With regard to car parking, most of the town centre car parks are in a reasonably good condition. However signage to car parking from roads in and around the town centre needs to be improved; as do car park lighting and security.
- 3.73 Overall, we conclude that Hemel Hempstead Town Centre is reasonably vital and viable given the current market conditions. The centre still lacks the critical mass to draw additional trade from elsewhere and be certain of retaining its position in the retail hierarchy in the long term. However, the planned Waterhouse Square development, together with the recent Riverside Centre development, will assist towards creating a critical mass of retail provision, improving the town's image, and cementing Hemel Hempstead's role as that of an important town centre in the future.

4. Retailer Demand Assessment

4.1 To provide an indication of what scale and type of new retail development might be commercially realistic in the three towns of Hemel Hempstead, Berkhamsted and Tring, we undertook an assessment of the demand from retailers to open new stores and shops in each town.

Hemel Hempstead

Foodstores

4.2 Retailer demand for new convenience goods stores was assessed by contacting the main UK food store operators, outlining the nature of the study and seeking details from them as to their requirements and aspirations for the Hemel Hempstead area. In total we contacted 15 food store operators by both email and telephone. For reasons of commercial confidentiality, we have not included each food store operator's specific requirements within this report. We therefore provide below an overview of our findings.

4.3 The retailers that we contacted were Aldi, Asda, Budgens, Co-op, Costcutter, Farmfoods, Iceland, Lidl, Marks & Spencer, Netto, Sainsburys, Somerfield, Tesco, Waitrose and Wm Morrison. In total four retailers responded to our enquiry. Table 4.1 below summarises the responses from the foodstore operators that were contacted.

Table 4.1: Foodstore Operators' Demand for New Floorspace in Hemel Hempstead

Status/Response	Number
No current intention to locate in Hemel Hempstead	0 foodstore operators
No current intention to expand in Hemel Hempstead	1 existing foodstore operator
Intention to expand in Hemel Hempstead	0 existing foodstore operators
Strong interest in locating in Hemel Hempstead	3 foodstore operators

Source: DTZ

4.4 The foodstore operators that responded to the survey have differing levels of representation across the three towns, with three of the retailers not currently located in any of the towns, and the other with a store in just one of the study locations. The relatively minor foodstore operator with a presence in one of the towns does not intend to acquire any additional sites in any of the three towns; whereas all three respondents without a presence in Hemel Hempstead, Berkhamsted or Tring stated that they were looking for sites in the area.

4.5 A representative of one of the larger deep discount foodstore operators emphasised that there are currently no large deep discount foodstores in the study area and consequently his

company “has a requirement for all three towns” with a need for “at least 2 stores in Hemel Hempstead, probably three” and one store in each of Tring and Berkhamstead. When asked which of the three towns another deep discount food store was considering, a representative stated that “Hemel Hempstead would be the most obvious target” with Tring and Berkhamsted being “a bit small and up market” for the type of food retail outlet the company operated. The remaining foodstore intending on locating in the area had no apparent preference between the three towns, stating that it was “interested in all the areas”. The floorspace requirements of these foodstores range from 510 sq m to 1,255 sq m gross.

- 4.6 The above demand survey shows that in there is a known convenience goods floorspace requirement in Hemel Hempstead, where three foodstore operators would like to open new discount supermarkets. Their combined requirements total up to four or five such new stores, indicating a high level of demand.
- 4.7 Through our work on the 2006 report and through advising the Council more recently in relation to Waterhouse Square, we are aware of interest from up to three major food retailers in opening another food superstore in Hemel Hempstead. Tesco has also previously submitted an application to extend its existing food superstore at Jarman Park, which indicates serious retailer demand for more superstore floorspace – although in that case principally for the sale of more comparison goods.

Other Shops and Services

- 4.8 Requirements for floorspace for other shops and services have been gathered using the Focus database which lists the requirements of companies that are publicly seeking retail space in a given location. Table 4.2 summarises the requirements of retailers and service businesses for floorspace in Hemel Hempstead as at October 2008.
- 4.9 Between 1,728 sq m and 3,391 sq m was registered as being required in the town by 9 retailers and service businesses. Not all of these are seeking space in the town centre, or would be appropriately located there. This is weak level of potential demand. It reflects the current economic downturn, which is inhibiting many retailers from seeking and taking space in many towns. Once economic growth resumes in the medium term, we would expect surviving retailers to seek shops and stores in Hemel Hempstead once more.

Table 4.2: Retailers' Requirements – Hemel Hempstead

Location	From sq m	To sq m	Retailer/service	Notes	Last Updated
Hemel Hempstead	9	46	Timpson Ltd		08-Oct-08
Hemel Hempstead	102	139	Explore Learning Ltd		08-Oct-08
Hemel Hempstead	186	465	Majestic Wine		06-Oct-08
Hemel Hempstead	325	465	Frankie & Benny's		01-Oct-08
Hemel Hempstead	465	1,115	Bluu		29-Sep-08
Hemel Hempstead	232	279	Floors-2-Go	Roadside locations with parking required	29-Sep-08
Hemel Hempstead	279	557	British Heart Foundation Furniture & Electrical		29-Sep-08
Hemel Hempstead	93	186	Rush London		18-Sep-08
Hemel Hempstead	37	139	Subway		15-Sep-08

Source: Focus, 2008

Berkhamsted

Foodstores

- 4.10 Table 4.3 summarises the findings of the survey into convenience goods retailers demand for floorspace in Berkhamsted. As indicated above, the town is not as key a target for foodstore retailers as Hemel Hempstead, although two discount supermarket operators did express their strong interest in locating in the town. The size of store each requires would be up to about 1,200 sq m gross.
- 4.11 The demand for new foodstores assessed by this survey is greater than that recorded in the 2006 report, probably reflecting the widely reported shopper movement to discount supermarkets, as a result of the recession.

Table 4.3: Foodstore Operators' Demand for New Floorspace in Berkhamsted

Status/Response	Number
No current intention to locate in Berkhamstead	2 foodstore operators
No current intention to expand in Berkhamsted	0 existing foodstore operators
Intention to expand in Berkhamsted	0 existing foodstore operators
Strong interest in locating in Berkhamsted	2 foodstore operators

Source: DTZ

Other Shops and Services

- 4.12 As can be seen in Table 4.4 below, demand for other shops and services in Berkhamsted is weaker than that in Hemel Hempstead, reflecting the more limited retail status of the former. Table 4.4 summarises the requirements of retailers and service businesses for floorspace in Berkhamsted, as at October 2008. An additional 599 sq m to 1,347 sq m was registered as being required in the town by 4 retailers and service businesses. This is about the level of demand we would expect for such a town centre, particularly in the current weak market.

Table 4.4: Comparison Goods and Services Requirements – Berkhamsted

Location	From sq m	To sq m	Retailer	Notes	Last Updated
Berkhamsted	9	46	Timpson Ltd		08-Oct-08
Berkhamsted	255	465	Strada		29-Sep-08
Berkhamsted	56	93	British Heart Foundation		29-Sep-08
Berkhamsted	279	743	Individual Restaurant Company	Town centre and suburban properties sought - ideally with design interest. Piccolino and Restaurant Bar and Grill	03-Sep-08

Source: Focus, 2008

Tring

Foodstores

- 4.13 The findings of the survey into convenience goods retailer demand for floorspace in Tring is summarised in Table 4.5 below. The same two discount foodstore operators who expressed a strong interest in opening stores in Berkhamsted are also interested in locating in Tring, which is an increase on the level of demand reported in the 2006 report. Again, the size of stores required would be up to about 1,200 sq m gross.

Table 4.5: Foodstore Operators' Demand for New Floorspace in Tring

Status/Response	Number
No current intention to locate in Tring	2 foodstore operators
No current intention to expand in Tring	0 existing foodstore operators
Intention to expand in Tring	0 existing foodstore operators
Strong interest in locating in Tring	2 foodstore operators

Source: DTZ

Other Shops and Services

- 4.14 Due to Tring's small size and the high level of competition from surrounding towns, particularly Aylesbury, the level of demand for other shops and services is low. As shown in Table 3.5 the total demand as registered on the Focus database stands at between 836 sq m and 1,719 sq m, from 3 companies.

Table 4.6: Comparison Goods Requirements – Tring

Location	From sq m	To sq m	Retailer	Notes	Last Updated
Tring	56	186	Between The Lines		23-Sep-08
Tring	37	139	Subway		15-Sep-08
Tring	743	1,394	The Original Factory Shop	Interested in leasehold & freehold properties in any condition	21-Jul-08

Source: Focus, 2008

Conclusions of Retailer Demand

- 4.15 A number of conclusions can be drawn from this overview of retailers' requirements within the towns of Hemel Hempstead, Berkhamsted and Tring. There exists demand from both convenience and comparison goods retailers in all three towns, with Hemel Hempstead most often viewed as the key target. However, apart from interest from food retailers (in particular discount supermarket operators), demand is currently weak in all three towns. This is largely a result of the current economic recession, which is forcing retailers to focus on survival, and restricting new shop openings to only the very strongest retail locations in the country.
- 4.16 In relation to the strong demand from 'deep discount' food stores, it is evident that there is an absence of this type of retailer in Dacorum. In the current economic climate, it is likely that demand for discounted foods will increase. However, it should be noted that not all of the food retailers expressing interest would necessarily open new stores in Hemel Hempstead, Berkhamsted or Tring, even if sites were made available with planning permission. It would depend upon the retailers' assessments of the market potential at that time. It is highly probable that if one retailer succeeded in gaining permission for a new store, the interest of others would



be reduced (particularly in the smaller towns of Berkhamsted and Tring), because the first retailer would by then have reduced the perceived market opportunity. It also does not necessarily mean that these retailers are seeking to open new stores in any of the towns – they may instead seek to purchase existing stores or one of the companies operating them, and rebrand such stores to their own formats. Overall however, we consider that the demand from food retailers should be sufficient to support one new food/non-food superstore in Hemel Hempstead, together with up to about 2 or 3 discount supermarkets. In each of Berkhamsted and Tring, we would not expect more than at most one new discount supermarket to be developed, if suitable sites became available.

5. Quantitative Need for Retail Development

- 5.1 For retail capacity forecasting, DTZ uses the same RECAP Retail Capacity forecasting Model as was used for the 2006 report. It is based on principles which have been widely accepted by Planning Inspectors and the Secretary of State at many Public Inquiries. The RECAP Model is an empirical 'step by step' model, based on the results of a household interview survey of shopping patterns as its method of allocating retail expenditure from catchment zones to shopping destinations. It is therefore not a theoretical gravity model, but is based on consumer responses about actual shopping patterns. It is also a growth allocation model; which allocates growth in expenditure to shopping destinations based on shopping patterns indicated by the Household Interview Survey, and informed professional judgements about how these will be likely to change in the future as a result of committed or potential new retail developments.
- 5.2 The RECAP Model forecasts the expenditure-based capacity for additional retail floorspace in the following way:
- Calculate the total amount of convenience and comparison goods expenditure which is available within the 8 zones comprising the catchment area;
 - Allocate the available expenditure to each town centre, and to non-central stores in Hemel Hempstead, based on the results of the Household Interview Survey of shopping patterns; so as to obtain estimates of current sales and forecast future sales in each;
 - Compare the estimated sales in the town centres and non-central shopping with existing floorspace (and in the case of main food stores and retail warehouses, with sales based on estimated company average performance); so as to assess the current trading performance of each shopping destination, and the capacity to support further growth in floorspace;
 - Assess potential changes to the measured 2008 pattern of market shares to take account of the proposed Waterhouse Square scheme in Hemel Hempstead Town Centre, and of committed new retail warehouses in Hemel Hempstead, and recalculate the sales and capacity forecasts.
- 5.3 The RECAP Model (like any other forecasting model of this type) is an exploratory tool, rather than a prescriptive mechanism. Thus the resulting forecasts of quantitative need are not intended as growth targets which must be achieved, or as rigid limits to future growth. Rather, they are a realistic guide to planning policies and decisions on planning applications.
- 5.4 When using the retail capacity forecasts as a guide to future planning policy, it is also important to remember that the further ahead the forecasting date, the less certain the forecast. Thus the

forecasts for 2016 are more robust than those for 2021 and subsequent years. In particular for these later dates, we suggest that forecasts such as these should be treated with considerable caution, since they only indicate the broad order of magnitude of retail capacity at those dates, if all of the forecast trends occur. For this reason we recommend that the forecasts should be reviewed and revised a year or so after the Waterhouse Square scheme has opened fully, based on a new Household Interview Survey of shopping patterns undertaken at that time to measure its actual effects on shopping patterns. Furthermore, the long term growth in the use of internet shopping is as yet unknown (although it has to a substantial degree been taken into account in this report), and reinforces the need to revise the forecasts of retail floorspace capacity well in advance of 2016.

Principal Data Inputs

Catchment Area

- 5.5 For this update, we have again used the 8 zone catchment area used for the previous Household Interview Survey in 2005, and for the forecasts in the 2006 report. This is shown on the map in Appendix 3.

Catchment Population

- 5.6 The starting point for the population forecasts was an up-to-date report, dated October 2008, from MapInfo on the current and projected future population of each catchment area zone. These forecasts cover the period up to 2016; and we have extrapolated them to 2031. The Regional Spatial Strategy (RSS) published in May 2008 identifies Hemel Hempstead as a key centre for development and change, in which substantial housing growth should occur. For catchment Zones 1, and 3 which include the town of Hemel Hempstead, and Zones 5 (Berkhamsted) and 7 (Tring), the MapInfo projections and our extrapolation did not take full account of the RSS requirements in terms of new housing. We have therefore increased the extrapolated projections for these zones, such that they accord with the Borough Council's forecasts for Hemel Hempstead based on the requirements of the RSS. These allow for development of 680 dwellings p.a. over the period 2008 to 2011; and then an additional 13,600 dwellings by 2031 (i.e. continued growth of 680 new dwellings p.a. over this 20 year period). The vast majority of this growth would be in the expanding town of Hemel Hempstead. We have assumed that 25% would be completed by 2016, 50% by 2021, and 100% by 2031.
- 5.7 The Council has identified three strategic growth options for locating the new housing in and around Hemel Hempstead. These are eastern expansion, northern expansion or dispersed growth. Because the three locational options are all for the same number of new dwellings in Hemel Hempstead, there will be very little difference between the retail capacity forecasts for each. The differences arise because there are some differences between the market shares of expenditure attracted from Zones 1 and 3, which together comprise almost the whole of the

urban area of the town. However, because these market share differences are small, the differences in the retail capacity forecasts are also small between these three potential locational strategies for the new housing in the town. We have therefore prepared our RECAP Model forecasts on the basis of the Eastern Growth strategy; but have also examined the sensitivity of these forecasts to a switch to either of the other two strategies. We comment on these sensitivities later in this Section.

- 5.8 For catchment Zones 5 and 7, we have made small additions to the MapInfo trend-based population projections, to reflect the above-trend growth envisaged by the Council following application of the RSS population growth strategy for Dacorum (again assuming the same profile of implementation as for Hemel Hempstead). For all other zones the MapInfo population projections and our extrapolations include significant growth. We have therefore not made any increases in the projections for these zones. The result is that for the catchment area as a whole the population is expected to increase from 206,553 in 2008 to 243,132 by 2031, which is an increase of 17.7%. This means that there will be an increasing need for new retail development, in order to meet the needs of this growing population.

Forecasting Dates

- 5.9 We have prepared base year estimates of retail sales in the three town centres, and in out-of-centre food stores and retail warehouses in Hemel Hempstead as at 2008, as this is the year in which the new Household Interview Survey to take account of the actual effects of Riverside Centre was undertaken. For the future, using the RECAP Model we have prepared forecasts for 2011, 2016, 2021 and 2031, so as to cover the period covered by the emerging LDF. Our forecasts for the intermediate year of 2026 were interpolated from the forecasts for 2021 and 2031.

Price Basis

- 5.10 All monetary values in this report are in 2005 prices, unless otherwise stated.

Per Capita Expenditure

- 5.11 We obtained from MapInfo average per capita expenditure on convenience and comparison goods in the catchment area in 2005 (the most recent year for which such data is available). Before deducting expenditure on special forms of trading, these amount to £1,703 for convenience goods and £3,334 for comparison goods. These base figures are set out in RECAP Model Table 2 in Appendix 5. Table 2 also indicates the breakdown of the comparison goods figure into the eight different categories of comparison goods expenditure covered by questions in the Household Interview Survey 2008.

- 5.12 The base figures for the year 2005 in Table 2 have been increased to allow for actual and expected growth over the forecasting period to 2031. First, we applied the actual national average growth 2005 to 2007 indicated in MapInfo Brief 08/02; which for convenience goods was 3.45%, and for comparison goods 11.74%. To take account of the current economic recession, we then assumed that growth in per capita expenditure on convenience and comparison goods will be zero for the years 2008 and 2009. Thereafter, we have assumed that trend-based growth will resume. For convenience goods from 2010 to 2031 we have applied the MapInfo 'best fit' trend rate of 1.1% per annum². For comparison goods, we have applied the ultra long term trend rate of 3.9% per annum for the period 2010 to 2026. The latter is slightly below the econometric forecast of 4.0% per annum for the period 2006 to 2018 by Oxford Economic Forecasting set out in MapInfo Brief 08/2. However, that forecast was prepared in late summer 2008, before the worst effects of the 'credit crunch' and the recent banking crisis became apparent, so is likely to be somewhat optimistic.
- 5.13 We consider that our assumption of two years of zero growth in per capita expenditure, followed by a resumption of the ultra-long term trend based growth rate of 3.9% pa realistically takes account of the recent collapse in growth of retail expenditure, and the medium term economic outlook (with its likely restrictions on credit). It is significantly below the historically very high rates of growth of the last few years, which are exceptional in relation to the trend – and which being substantially debt financed, contributed to the current financial difficulties.

Special Forms of Trading including internet shopping

- 5.14 The MapInfo data on per capita expenditure in the catchment area includes expenditure on Special Forms of Trading (SFT), i.e. retail expenditure which is made in vending machines, by mail order and the internet, through party-plan retailing, and at temporary market stalls, rather than in retail shops. We have therefore made a deduction to allow for this element of expenditure which will not be available to support new development. RECAP Model Table 2 shows the growing deductions which we have made, based on information for the UK published by Verdict on growth in internet shopping and forecast trends. Table 5.1 shows Verdict's estimates for the proportion of all retail sales in the UK in 2007 accounted for by internet shopping, and its trend-based forecasts for 2012. This shows the proportion of sales taking place via the internet more than doubling over the 5 years to 2012. For some categories of comparison goods, the internet proportion is already substantial and is expected to become much more so. Based on these, we have judged the deductions for SFT shown in RECAP Model Table 2. Our deductions:

- Assume a flattening of the growth trend after 2012;

² MapInfo Information Brief 08/02 indicates that 'The most statistically robust estimate of trend growth calculated is for the period 1998-2007 when the annual growth rate averaged 1.1%'.

- Allow for the fact that some internet purchases of food are sourced and delivered from foodstores rather than separate warehouses (and should therefore be included in the Model);
- Allow for the fact that internet shopping sales are included in the retail sales densities of many retailers which operate multi-channel retailing;
- Allow for internet shopping to supplant mail order retailing to some degree, but include other SFT apart from the internet.

Table 5.1: UK Internet Shopping Estimates and Forecasts

Goods Type	Online sales as proportion of all UK retail sales (%)	
	2007	2012
Food & grocery	3.3	10.0
Comparison goods:		
Music & video	30.3	60.8
Electrical goods	15.1	34.5
Books	14.3	21.7
Homewares	7.7	21.2
DIY & gardening goods	3.8	8.7
Clothing & footwear	4.2	12.7
Furniture & floor coverings	3.8	9.9
Health & beauty	2.2	4.8
Other comparison goods	3.7	11.3
All Comparison Goods	6.5	16.1

Source: 'UK e-Retail 2008', Verdict Research Limited, May 2008

5.15 The combined effect of the forecast growth in population and in per capita expenditure is that we expect total catchment expenditure on convenience goods (set out in Table 3 in Appendix 5) to increase by almost £138m (39%) over the period 2008 to 2031; and total catchment area expenditure on comparison goods to increase by about £1,059m (148%) over the same period. This compares with growth in total catchment area population of 16.9% over the period. Thus just under half of the growth in catchment area expenditure on convenience goods is due to forecast growth in population; and a small proportion (approximately 11%) of the growth in catchment area expenditure on comparison goods is accounted for by forecast growth in population. This means that the comparison goods floorspace capacity forecasts are insensitive to the population growth assumptions, and much more sensitive to the assumptions about growth in per capita expenditure, particularly in the later part of the forecasting period. It is a further reason why the retail capacity forecasts are very insensitive to differences between the three locational strategies for new housing growth in Hemel Hempstead. The large increase in forecast expenditure on comparison goods (in particular) indicates that a need for additional comparison goods retail floorspace will grow substantially over the forecasting period to 2031,

particularly in the middle to later years, if forecast trends occur. However, this should be reviewed at regular intervals over that period.

Shopping Patterns in the Catchment Area

- 5.16 To provide up-to-date information on shopping patterns in the combined catchment area of the Borough's three towns, we undertook a new Household Interview Survey of shopping patterns. This used the same catchment area zones as the previous survey in 2005. We also used a very similar questionnaire. A total of 1,250 households was interviewed, distributed approximately in proportion to the distribution of population between and within zones, but with adjustments to ensure a minimum of 100 interviews in any zone. Interviewing took place in July 2008. The survey results provide a detailed picture of where the residents of the catchment area shop for 10 different categories of retail goods, very closely matched to the international standard COICOP definitions of retail expenditure. We have included the un-weighted tables of results in Appendix 2³. The survey results measure shopping patterns after Riverside Centre in Hemel Hempstead Town Centre had been open for almost a year, and thus take account of the effects of that important new retail development.
- 5.17 We have again combined the results from Question 5 on main food shopping with those from Question 8 on top-up convenience goods shopping to obtain weighted average market shares for all convenience goods shopping. These are indicated in RECAP Model Tables 5 for Hemel Hempstead Town Centre and 13 for non-central food stores in Hemel Hempstead. The weighted averages are then rounded to the nearest integer and carried forward into Tables 7 (town centre) and 15 (non-central stores). Similar tables apply to Berkhamsted and Tring.
- 5.18 For comparison goods, we have combined the results of Questions 9 to 16 of the Household Interview Survey to provide weighted average market shares of all comparison goods expenditure which are attracted to each shopping destination, using weights according to the amount of expenditure on each sub-category of goods. These are set out in Table 6 for Hemel Hempstead Town Centre and Table 14 for the non-central stores. The weighted averages are then corrected as described below, rounded to the nearest integer, and set out in Tables 7 and 15 respectively. Similar tables apply to Berkhamsted and Tring.

³ The totals columns in these un-weighted tables of survey results are not statistically representative of the survey area as a whole. However, they have not been used in the RECAP Model; but only the results for individual zones, which would not be affected by weighting to account for differences in the sample proportions between zones.

We have also included in Appendix 4 two cross tabulations from the results of the Household Interview Survey, in which the sample of respondents indicating Hemel Hempstead Town Centre as the centre which they use most often are cross tabulated against their expressed likes and dislikes about that centre. These two cross tabulation tables are weighted to account for differences in the response proportions between zones, so that the totals columns in them are statistically representative of the population using Hemel Hempstead as their main centre. The results in those weighted totals columns have been used in our description of Customer Views and Behaviour in our town centre vitality and viability analysis set out in Section 2 above.

- 5.19 In RECAP Model Tables 54 and 55 in Appendix 5, we summarise the patterns of market shares of convenience and comparison goods respectively which are attracted from the catchment area to each of Dacorum's towns, to local shops not included in the Model, and to out-of-Borough locations. This shows that for convenience goods shopping, Hemel Hempstead is attracting expenditure mainly from catchment Zones 1 and 3, and to a much lesser extent, from Zones 2 and 4. Berkhamsted is attracting mainly from Zone 6. Tring is attracting mainly from Zone 7. From these 'core zones', which can be considered to be the primary catchment area of Dacorum's towns, there is very limited leakage of expenditure to locations outside the Borough. This localised pattern of shopping for convenience goods is normal; as shoppers generally do not travel long distances for food shopping. Table 54 also shows that local shops in the Borough attract very small market shares, compared with those attracted by the three main town centres and the principal out-of-centre supermarkets in Hemel Hempstead.
- 5.20 The population of Zone 2 is roughly equally split between those living inside and outside the Borough. This is reflected in the 52% of expenditure retained within the Borough, shown in RECAP Model Table 54. That table also shows that there is substantial leakage of expenditure from Zone 4, much of which (excluding the significant population of Redbourn) is in Dacorum. Most of the population of Zone 6 is outside the Borough in Chesham, and there is very little convenience goods shopping in the Borough from this zone. Zone 8 is wholly outside the Borough, but the Borough's convenience goods shops attract a small market share of expenditure from this zone.
- 5.21 For comparison goods, RECAP Model Table 55 shows that Hemel Hempstead has a substantial pull from Zones 1 and 3, and a significant (but much lesser) pull from all other zones apart from Zone 8. The latter is much closer to Aylesbury than to Hemel Hempstead. Table 55 shows that even from Zones 1 and 3, there is substantial leakage of expenditure to out-of-Borough locations, at almost 31% and 25% respectively⁴. Berkhamsted and Tring attract expenditure only from the zones in which they are located, Zones 5 and 7 respectively. This reflects their much smaller scale and more limited range of shops and services.

Market Share Corrections

- 5.22 We consider that the results of the new Household Interview Survey, when used without adjustment, provide a realistic assessment of the current sales in each of the retail destination modelled. There is therefore no need to apply any market share correction factors to the results for any of the three towns. We have therefore applied the RECAP Model default market share correction factor of 100% (i.e. have made no corrections to the market shares indicated by the Household Interview Survey) to each shopping destination modelled.

⁴ These percentages include a very small amount of expenditure undertaken in local shops inside the Borough – see footnote to RECAP Model Table 55.

Visitor Expenditure from outside the catchment area

- 5.23 We have adopted the same assumption as in the 2006 report that there will be no net inflow of expenditure on convenience or comparison goods to any of the shopping destinations modelled, by visitors who live outside the catchment area. We consider that this remains realistic.

Existing Shop Floorspace

- 5.24 For existing shop floorspace in the town centres, we have obtained the latest data from Experian Goad; and analysed it to separate the figures into convenience and comparison goods shops, and remove floorspace used for sales which are not covered by the retail expenditure data (e.g. service businesses occupying Class A1 shops, and A2 to A5 uses). For the main food stores in the town centres and in non-central locations, we have obtained floorspace data from the Institute of Grocery Distribution (IGD). For the out-of-centre retail warehouses we have updated the information supplied by the Council, and where necessary supplemented it by floorspace data from the Valuation Office Agency Rating List. In the case of food stores, we have applied convenience goods space allocation ratios derived from data published by Verdict Research Limited. For some retail warehouses, we have deducted part of the floorspace to allow for trade and other non-retail sales. This applies to the DIY goods stores, Staples and Halfords. The resulting floorspace figures are set out in RECAP Model Tables 10 and 12 for Hemel Hempstead Town Centre, and Tables 18 and 19 for the non-central food stores and retail warehouses respectively. Similar tables apply to Berkhamsted and Tring.

Sales Densities

- 5.25 For the main food stores in each town, we have applied estimated company average sales densities derived from the most up-to-date information published by Verdict Research Limited. These are shown in RECAP Model Table 10 for Hemel Hempstead Town Centre and Table 18 for the non-central stores in the town (and in the comparable tables for Berkhamsted and Tring). For retail warehouses in Hemel Hempstead, we have applied the most up-to-date company average sales densities published by Mintel in 'UK Retail Rankings 2008'. These are shown in Table 19 in Appendix 2.

Committed Developments

- 5.26 Plans for the proposed new Waterhouse Square development in Hemel Hempstead Town Centre are still at the formative stage, and it is not yet known how much retail floorspace of each type will be in this development. We have therefore not been able to take account of it in the RECAP Model as a committed development. This means that the floorspace in that scheme would need to come out of the forecast capacity for new retail development. However, we have explored in Scenario 2 the potential increases in market shares of catchment area expenditure

attracted by Hemel Hempstead Town Centre as a result of a 'generic' new food and non-food retail scheme at Waterhouse Square.

- 5.27 We have taken account of the recently permitted retail warehouse development of 6,700 sq m gross limited to bulky goods retailing at Jarman Park, as a committed development. Elsewhere in Hemel Hempstead, the former Kodak site on the west side of the Plough Roundabout has permission for 1,631 sq m gross Class A1, A2 and A3 units. This site is within the town centre defined on the adopted Local Plan Proposal Map. However, it is separated from the main shopping area by the very busy Leighton Buzzard Road (A4146), which at this point has between four and six lanes (including slip roads) and no pedestrian crossing facilities. It will not therefore function as part of the town centre in retail terms. For this reason, and because it is not yet known how much of the permitted floorspace will be A1 retail, we have treated this scheme as an addition to local shopping facilities, and not included it in the RECAP Model forecasts for the town centre. The proposed Waterhouse Square development in Hemel Hempstead Town Centre does not yet have planning permission, and the retail content is not yet known. We have therefore not included it as a committed development in the RECAP Model (although we have modelled its potential effects in terms of increasing market shares or expenditure attracted by the town centre, as described below). This means that its retail floorspace will need to be subtracted from our retail capacity forecasts summarised in Table 4.2 below. Elsewhere in the three towns, there are no significant committed retail developments.

Development Scenarios Assessed

- 5.28 We have assessed two scenarios for retail development, as follows:

Scenario 1 – the 'baseline' scenario, in which we assume that the pattern of market shares indicated by the Household Interview Survey 2008 remains unchanged throughout the forecasting period. The implicit assumption in this scenario is that potential future retail development at Waterhouse Square in Hemel Hempstead Town Centre does not increase the market shares of expenditure attracted from the catchment area.

Scenario 2 – in which we allow for the Waterhouse Square scheme to increase the market shares of convenience and comparison goods expenditure attracted from the catchment area to Hemel Hempstead Town Centre from 2016 onwards. These increases are accompanied by decreases in the market shares of convenience goods expenditure attracted by the non-central main foodstores in the town. In Scenario 2, we also allow for the market shares of comparison goods expenditure attracted by the non-central retail warehouses to increase marginally, as a result of potential new retail warehouses at Jarman Park from 2011 onwards.

- 5.29 Scenario 2 is exploratory at this stage, because the proposals for Waterhouse Square are still in the early stages of formulation. Nevertheless, it provides an initial indication of the potential implications of this proposed major development, in terms of market shares and forecast retail

capacity. The market share increases in Scenario 2 have the effect of reducing leakage of expenditure on convenience and comparison goods to shopping destinations outside the Borough. This is because the provision of new shops and stores in Hemel Hempstead would mean that there would be less need for residents of the town to travel elsewhere for shopping, thus potentially contributing to sustainability.

- 5.30 Zone 1 includes the whole of the proposed Eastern Growth area. The results of the Household Interview Survey show that a small proportion of the residents of Zone 1 (3.3%) use St Albans City Centre most for shopping. If the population of Zone 1 increases due to strategic growth in Hemel Hempstead, and that market share of expenditure attracted by St Albans remains unchanged, there would be an increase in expenditure attracted by St Albans. In practice, the new population in the Eastern Growth area (being closer to St Albans than are other parts of Zone 1) might potentially show an increased propensity to shop in St Albans than indicated by the survey results for Zone 1 as a whole. Against that, new retail development in Hemel Hempstead may serve to clawback some of the expenditure currently leaking to St Albans. On balance, we consider that the current market shares for Zone 1 will be likely to increase, as a result of the proposed Waterhouse Square and committed Jarman Park developments in Hemel Hempstead. Thus the market shares of expenditure attracted by St Albans from Zone 1 as a whole will be likely to fall slightly. This would tend to reduce the beneficial effects for retailing in St Albans of the Eastern Growth option for new housing development in Hemel Hempstead. Because the Household Interview Survey does not provide separate results for sub-areas within Zone 1, we are unable to forecast the overall effects on retailing in St Albans of the Eastern, Northern or Dispersed growth options.

Format of the RECAP Model Tables

- 5.31 The RECAP Model Tables are set out in Appendix 5. Tables 1 to 4 set out the population and expenditure forecasts for the catchment area. Tables 5 to 12 are the Scenario 1 tables for Hemel Hempstead Town Centre. Tables 5 and 6 show the patterns of market shares of expenditure on convenience goods and comparison goods respectively attracted by the town centre from the catchment area, as indicated by the Household Interview Survey. Table 7 shows the summarised market share patterns for the town centre. Tables 8 and 9 show the amounts of expenditure on each comparison goods sub-category attracted, and the amounts of convenience and all comparison goods, respectively. Table 8 is the product of Table 4 and Table 6; whilst Table 9 is the product of Table 3 and Table 7. Table 10 sets out the existing main food stores and their sales levels at estimated company averages; and Table 11 sets out the committed town centre developments and their expected sales levels. Table 12 brings together the expenditure attracted, visitor expenditure, existing floorspace and committed developments, to arrive at the retail capacity forecasts for the town centre. It also shows the overall market shares of total catchment area expenditure on convenience and comparison goods which are shown as attracted by the town centre.

- 5.32 A similar arrangement of tables applies to Berkhamsted (Tables 22 to 29) and Tring (Tables 30 to 37). In the case of the latter, for forecasting convenience we have included the Tesco store with the town centre, even though it is located on an out-of-centre site.
- 5.33 Tables 13 to 21 are the Scenario 1 tables for the non-central food stores and retail warehouses in Hemel Hempstead. These follow the same arrangement as for the town centre. The only difference is that Table 19 lists the retail warehouses and food superstores, and shows their sales at estimated company average levels, to provide a 'benchmark' for assessing future floorspace needs.
- 5.34 The RECAP Model tables for Scenario 2 are simpler. For Hemel Hempstead Town Centre these are Tables 38 to 40. Table 38 shows the revised comparison goods market shares from 2016 onwards as a result of the proposed Waterhouse Square development. Table 39 is the product of Table 3 and Table 38. Table 40 shows the revised retail capacity forecasts and increased overall market shares of expenditure attracted from the catchment area, under the Scenario 2 assumptions. For the non-central food stores and retail warehouses, the Scenario 2 tables are Tables 41 to 43. They follow the same arrangement as for the town centre tables.
- 5.35 Tables 44 to 46 are the Scenario 2 tables for Berkhamsted and Tables 47 to 49 are those for Tring (including Tesco).
- 5.36 Table 50 shows the market shares attracted by the town centres and the non-central stores for each of the 8 comparison goods categories. This provides the basis for the retail sector analysis described below. Tables 51 and 52 show the patterns of market shares for convenience goods and all comparison goods, attracted by Hemel Hempstead as a whole, under Scenarios 1 and 2 respectively. Table 53 shows the market shares under Scenario 2 for the three principal towns in the Borough combined. Table 54 and 55 summarise the distribution of market shares by catchment zone for convenience and comparison goods respectively in Scenario 1, between the principal shopping destinations in the Borough, and out of Borough destinations. Tables 56 and 57 show the same information for Scenario 2.

The RECAP Model Retail Capacity Forecasts

- 5.37 In the remainder of this section, we set out our retail capacity forecasts for each shopping destination. The forecasts are summarised in Table 5.2. We also comment on the implications for future development strategy. In setting out our forecasts, we distinguish between convenience goods and comparison goods, defined as follows:

- Convenience goods: Food, alcoholic drink, tobacco products, newspapers and periodicals, non-durable household goods.
- Comparison goods: Clothing and footwear; household textiles and soft furnishings; Furniture and floor coverings; household appliances; audio visual equipment; hardware, DIY goods, decorating supplies; chemist and medical goods, cosmetics and beauty products; books, jewellery, watches, china, glassware and kitchen utensils, recreational, personal and luxury goods.

Table 5.2: Summary of Retail Capacity Forecasts (Based on Eastern Expansion of Hemel Hempstead)

Scenario/Goods/Location	2011 (sq m net)	2016 (sq m net)	2021 (sq m net)	2026 (sq m net)	2031 (sq m net)	RECAP Model Table (Appendix 3)
Scenario 1						
<i>Convenience Goods</i>						
Hemel Hempstead Town Centre	-500	-200	150	550	950	12
Hemel Hempstead Non-central	1,750	2,800	3,900	5,150	6,450	21
Berkhamsted	-750	-550	-400	-200	50	29
Tring (inc Tesco)	50	150	250	400	550	37
<i>Comparison Goods</i>						
Hemel Hempstead Town Centre	2,050	9,350	17,800	28,700	39,600	12
Hemel Hempstead Non-central	-9,850	-5,600	-750	5,550	11,900	21
Berkhamsted	250	1,150	2,150	3,400	4,650	29
Tring (inc Tesco)	100	450	900	1,400	1,950	37
Scenario 2						
<i>Convenience Goods</i>						
Hemel Hempstead Town Centre	-500	3,700	4,450	5,300	6,200	40
Hemel Hempstead Non-central	1,750	200	1,050	2,000	3,000	43
<i>Comparison Goods</i>						
Hemel Hempstead Town Centre	2,050	11,350	20,150	31,500	42,850	40
Hemel Hempstead Non-central	-7,850	-3,250	2,050	8,900	15,800	43

Source:

RECAP Model Tables in Appendix 5 as indicated, rounded to the nearest 50 sq m net.

Notes:

The forecasts for 2026 are interpolated between those for 2021 and 2031, which were prepared using the RECAP Model.

Negative numbers indicate theoretical oversupply of floorspace.

The forecasts in Table 4.2 are cumulative, i.e. the forecasts for each date include the forecasts for the previous dates and are not additional to those earlier forecasts.

The Scenario 2 forecasts for Berkhamsted and Tring are the same as those for Scenario 1.

Convenience Goods Forecasts

- 5.38 Before we comment on the convenience goods retail capacity forecasts in Table 5.2, some general points should be noted. First, the forecasts are all based on the assumption that where retailers are shown by the RECAP Model to be trading at above or below the level based on estimated company average levels, their sales densities will fall or rise to that company average based level. This is a conventional assumption in retail studies of this type. However, some stores may well continue to trade successfully at above or below their company average sales density. The retail capacity forecasts should therefore be seen as realistic maxima, rather than targets which must be achieved through new development.
- 5.39 Second, the convenience goods forecasts are all on the assumption that potential new floorspace will be provided in the form of new food superstores, trading at a 'generic' average sales density for such stores of £12,000 per sq m net. Some food superstore operators trade above this level (Asda and Tesco) and some below (Morrisons and Sainsburys). Further, other types of supermarket, in particular discount supermarkets, trade at far below £12,000 per sq m net. Thus the format in which new floorspace is provided will affect the amount of such floorspace which can be supported in terms of retail capacity. If it is provided only in the form of discount supermarkets, for example, the forecast growth in expenditure would be sufficient to support substantially more floorspace than indicated in Table 5.2. At this time, it is of course not possible to predict over a 22 year period the format in which potential food store developments might come forward. It will therefore be necessary to review the implications for retail capacity in each location when specific proposals for new stores come forward, taking account of the format of the proposed stores and their likely occupiers and sales densities.
- 5.40 Third, we have made no allowance for increases in sales densities of convenience goods floorspace over the forecasting period. This is because convenience goods sales densities have not been rising across the board over the last few years. For some retailers they have risen but for others they have fallen. However, at the next review of the forecasts, the most up-to-date sales densities should be used, so as to take account of any changes in real terms.
- 5.41 Fourth, although we have forecast capacity for additional out-of-centre convenience goods floorspace in some cases, this has been calculated separately from that in the centres merely for forecasting reliability and convenience. It does not mean that any such capacity should be accommodated in the form of out-of-centre development. Rather, the sequential approach should be applied, and new developments to accommodate any of the forecast need should be located in or on the edge of the centres, in preference to out-of-centre locations, if at all possible.

Hemel Hempstead Town Centre

- 5.42 Scenario 1, Recap Model Table 12 shows that in 2008, we estimate that the main foodstores and other conveniences goods shops in Hemel Hempstead Town Centre were achieving combined sales of £34.4m; at a combined average sales density of £8,055 per sq m net. Table 10 shows that based on estimated 2006 company average sales densities, the combined sales density of these stores in 2008 was £9,799 per sq m net. Thus, these stores as a group are estimated to be trading at somewhat below the level based on published company averages.
- 5.43 In Table 12, we have allowed for sales in the existing convenience goods shops as a group, to rise to the level based on estimated 2006 company averages. This is a conventional approach in retail studies of this type. On this basis, summary Table 5.2 above shows that with no changes in market shares (Scenario 1) there will be a theoretical oversupply of about 500 sq m net convenience goods floorspace in 2011 in Hemel Hempstead Town Centre. This should be eradicated by about 2021, and thereafter rise to about 950 sq m by 2031, if forecast trends occur.
- 5.44 In Scenario 2, we have allowed for transfer of market share and expenditure from the non-central foodstores in Hemel Hempstead to the town centre from 2016, as a result of the proposed new food superstore in the Waterhouse Square development, assumed to be open by that date. Table 5.2 shows that on this basis, there will be much increased capacity in Hemel Hempstead Town Centre, of about 3,700 sq m net in 2016, rising to about 6,200 sq m net by 2031, if forecast trends occur. Substantial transfer of market share from the non-central stores to the town centre would be needed to support this level of additional convenience goods floorspace in the town centre. It would mean the town centre's market share of total convenience goods expenditure increasing from 9.8% currently to 22.2% by 2016. Since the town centre's convenience goods floorspace would almost double, and the new superstore would be the largest and most modern in the town centre, we consider that this would be realistic and achievable, if the new superstore includes convenience goods floorspace of about 3,500 sq m net and is operated by one of the front ranking food retailers. In the event that Asda relocates into this store, and its existing town centre supermarket goes out of food retailing use, the increase in market share needed would be significantly less than this, and therefore the transfer of market shares from (and impact upon) the non-central stores would be less. We conclude that there would be sufficient expenditure to support the convenience goods floorspace in the proposed food superstore in the Waterhouse Square development by about 2016, if forecast trends occur.

Non-central Main Foodstores in Hemel Hempstead

- 5.45 The RECAP Model shows that the existing non-central main foodstores in the Borough are somewhat over-trading. Thus Table 21 shows that they are currently achieving combined sales of almost £109m at an average sales density of £12,152 per sq m net. This compares with the

'benchmark' level of £10,333 per sq m net in Table 18, based on 2006 company averages. Table 5.2 shows that with no changes in market shares (Scenario 1), there will be capacity for about 1,750 sq m net additional convenience goods floorspace in 2011, rising to about 6,450 sq m net by 2031, if forecast trends occur.

- 5.46 Scenario 1 makes no allowance for some of this overtrading expenditure to be clawed back to the proposed new superstore at Waterhouse Square in the town centre. In Scenario 2 therefore, we have allowed for the transfer of market shares from 2016 onwards from the out-of-centre stores to the town centre, such that the capacity for new floorspace outside the town centre falls to only 200 sq m net in 2016. On this basis, Table 5.2 shows that there will be very little capacity for additional floorspace forecast as non-central in 2016, but that capacity will rise thereafter to about 3,000 sq m net by 2031, if forecast trends occur. This would be sufficient to support one substantial new town/district centre format supermarket and up to about four discount supermarkets in Hemel Hempstead by the end of the forecasting period.
- 5.47 In view of the lack of deep discount supermarkets in Hemel Hempstead at present, there could be a case for allowing one or two at an early date to meet this qualitative need, despite the absence of theoretical forecast capacity to support them (after allowing for a new superstore in the town centre). If up to two such stores were permitted in the next few years, we do not think that they would put at risk the proposed new food superstore at Waterhouse Square in the town centre. Of course, if a relocated Asda is the operator of the latter, the case for permitting new discount supermarkets in the town at an early date would be significantly greater, as there would then be sufficient capacity to support them by the time they would be likely to open. As indicated above, any such new foodstores should be located in accordance with the sequential approach (despite having been forecast as non-central).

Berkhamsted

- 5.48 We estimate that the main foodstores and other convenience goods shops in Berkhamsted Town Centre are currently achieving convenience goods sales of £32.1m at an average sales density of £8,330 per sq m net (Table 29). This compares with their combined sales density based on company averages of £10,809 per sq m net (Table 27). They are therefore currently trading at somewhat below the level based on 'benchmark' company averages. After allowing their sales to rise to the level based on company averages, Table 5.2 shows that there will be a theoretical oversupply of floorspace under Scenario 1 of about 750 sq m net in 2011. With growth in population and expenditure, this should be eliminated by the end of the forecasting period to 2031. This means that the foodstores and other convenience goods shops in Berkhamsted will be likely to trade at a little below the level based on estimated 2006 company averages for most of the forecasting period, and there will be no quantitative need for any further floorspace before 2031, if forecast trends occur.

- 5.49 Scenario 2 is the same for Berkhamsted as Scenario 1. This is because we do not expect the proposed superstore in Hemel Hempstead Town Centre to attract an increased market share of convenience goods expenditure from Berkhamsted.

Tring (including Tesco)

- 5.50 Scenario 1, Table 37 shows that in 2008, the main foodstores in Tring (Tesco and Marks & Spencer) and other convenience goods shops were estimated to be achieving combined sales of £25.5m; at a combined average sales density of £10,653 per sq m net. This is very close to the level based on 2006 company average sales densities of £10,698 per sq m net, indicated in Table 35. Thus, these stores as a group are estimated to be trading at about estimated company averages.
- 5.51 In Table 37, we have allowed for sales in the existing convenience goods shops as a group, to rise slightly to the level based on estimated 2006 company averages. On this basis, summary Table 5.2 above shows that there will be capacity for about 50 sq m net additional convenience goods floorspace in 2011, rising to about 550 sq m net by 2031, if forecast trends occur. This would be sufficient to support a medium sized deep discount supermarket in Tring from about 2026 onwards.
- 5.52 As with Berkhamsted, the Scenario 2 forecasts for Tring are the same as those for Scenario 1.

Comparison Goods Forecasts

Hemel Hempstead Town Centre

- 5.53 The RECAP Model indicates that Hemel Hempstead Town Centre was achieving an estimated average comparison goods sales density of £5,214 per sq m net in 2008. Based on our studies of many other town centres we consider that this is realistic, and indicates that the town centre was trading reasonably well in the economic circumstances at the time of the Household Interview Survey. In Scenario 1, Table 5.2 shows that there will be capacity for an additional 2,050 sq m net comparison goods floorspace by 2011, rising to about 39,600 sq m net by 2031 if forecast trends occur. In Scenario 2, the forecast capacity is slightly increased, as a result of likely increases in market shares of expenditure attracted to Hemel Hempstead Town Centre from 2016, as a result of the proposed Waterhouse Square development there. Thus in Scenario 2, the capacity for additional comparison goods floorspace in the town centre would be about 11,350 sq m net in 2016 (up from about 9,350 sq m net under Scenario 1), rising to about 42,850 sq m net by 2031, if forecast trends occur.
- 5.54 The proposed Waterhouse Square development is still in the early stages of preparation, and its precise scale and retail content is not yet known. However, it is currently envisaged that it would be likely to result in around 18,860 sq m gross Classes A1 to A5 floorspace, of which the

majority is expected to be Class A1. The food superstore is expected to be about 10,000 sq m gross, equivalent to about 7,000 sq m net, of which about half (3,500 sq m net) would be comparison goods floorspace. Assuming that the remainder of the development is all Class A1 comparison goods retail floorspace, such floorspace apart from the superstore would amount to about 8,860 sq m gross, equivalent to about 6,650 sq m net. Thus under this 'worst case' assumption, the total net sales area used for comparison goods would be about 10,150 sq m net. In practice, some of the floorspace will be used for Class A2 to A5 uses (particularly A3 and A4). Thus the forecast capacity at 2016 under either Scenario should be sufficient to support the likely scale of development at Waterhouse Square by that date, if forecast trends occur.

Non-centre Retail Warehouses and Superstores in Hemel Hempstead

- 5.55 The RECAP Model forecasts show that the comparison goods floorspace in the non-central superstores, and in the existing retail warehouses, is currently somewhat undertrading compared with 'benchmark' levels based on estimated company averages. Table 21 shows that these stores are currently achieving an average sales density of about £3,387 per sq m net, whereas Table 19 shows that the 2006 'benchmark' level was about £4,040 per sq m net. Table 5.2 shows that under Scenario 1 (i.e. no changes in the market shares of catchment area comparison goods expenditure attracted to non-central food stores and retail warehouses, after allowing for the permitted retail warehouses at Jarman Park), there will be a theoretical oversupply of about 9,850 sq m net. As a result of growth in population and expenditure, this should be eliminated by about 2022; and capacity of about 11,900 sq m net should arise by 2031, if forecast trends occur.
- 5.56 Under Scenario 2, we assume that Waterhouse Square, which apart from the proposed food/non-food superstore would be mainly town centre format shops and stores, would not on balance capture market share from the non-central main foodstores and retail warehouses. This is because we expect loss of market share to the superstore to be slightly more than cancelled out by gain in market share as a result of development of the committed retail warehouses at Jarman Park. On this basis, the Scenario 2 forecasts are slightly higher than those under Scenario 1. In Scenario 2, there would be a lesser theoretical oversupply, of about 7,850 sq m net in 2011, which would be eliminated by about 2019. Thereafter, capacity for further new floorspace of about 15,800 sq m net should arise by 2031, if forecast trends occur. This suggests that the new retail warehouses at Jarman Park will not be fully supported by growth in expenditure before about 2019. However, if the Eastern Expansion option of Hemel Hempstead is chosen, these new retail warehouses would at an earlier date make a valuable contribution of helping to minimise cross-town car journeys for retail warehouse shopping.
- 5.57 As with the convenience goods forecasts, the fact that capacity for additional floorspace is forecast for late in the period to 2031, does not mean that it should be located out-of-centre, or provided in the format of low sales density retail warehouses, or in new food/non-food

superstores. In accordance with PPS6, the sequential approach should be applied to site selection, with preference for town centre and edge-of-centre sites over out-of-centre sites. If developed in or on the edge of the town centre, the format may well be of higher density buildings without immediately adjacent surface car parking. In such a development, the sales densities would be likely to be somewhat greater than we have assumed for new floorspace forecast as non-central, resulting in a somewhat reduced capacity for new floorspace from that indicated in Table 5.2. As with all retail development, the supportable capacity will depend upon the format in which the new floorspace is provided, and the identities of the likely retailers which occupy it.

Berkhamsted

- 5.58 RECAP Model Table 29 shows that the existing comparison goods floorspace in Berkhamsted Town Centre is currently achieving an average sales density of about £3,918 per sq m net. We consider that this is realistic, and means that the town centre was trading moderately well at the time of the Household Interview Survey. Table 5.2 shows that under Scenarios 1 and 2, i.e. no increases in the market shares of catchment area expenditure attracted to Berkhamsted Town Centre, there would be capacity for about 250 sq m net comparison goods floorspace in 2011, rising to about 4,650 sq m net by 2031, if forecast trends occur. This is too low a forecast capacity to support a substantial town centre development – which would be commercially unlikely in any event, owing to the low shop rental values, which make it very difficult for new retail developments to be financially viable in town centres of this size and type. However, the forecast capacity should be sufficient to support small scale increases in floorspace, by way of change of use, shop extensions, and incremental infill development.

Tring (including Tesco)

- 5.59 RECAP Model Table 37 shows that Tring Town Centre and the out-of-centre Tesco supermarket together were achieving an average comparison goods sales density of about £4,493 per sq m net in 2008. This would be a high level for a small town centre of this type alone, but the figure is boosted by the inclusion of the higher sales density Tesco. Summary Table 5.2 shows that in Scenarios 1 and 2 (no increases in market shares), there would be capacity for about 100 sq m net additional comparison goods floorspace in 2011, rising to about 1,950 sq m net by 2031 if forecast trends occur. As in Berkhamsted, it is unlikely that a substantial town centre retail development could occur, and for the same reasons. However, again the forecast capacity would be sufficient to support small scale shop extensions, changes of use and infill developments within the town centre, as opportunities arise.

Location of Future Housing Growth in Hemel Hempstead

- 5.60 The RECAP Model forecasts described above are on the basis of the Eastern Growth option for Hemel Hempstead. We have also tested the sensitivity of the forecasts to selection of the Northern or Dispersed Growth options. The main difference between these options is in the balance of growth between catchment zones 1 and 3. Thus for example the Eastern Growth option allocates the most growth to Zone 1 and the least to Zone 3. The Northern Growth option allocates the least growth to Zone 1 and the most to Zone 3. The Dispersed Option lies between the two in terms of the allocation of housing and population growth. However, the market shares of catchment area expenditure which Hemel Hempstead Town Centre and the non-central stores in the town attract from Zones 1 and 3 are similar. This means that the retail capacity forecasts are likely to be insensitive to the differences between the location of population growth in and around the town.
- 5.61 In fact, testing each option in the RECAP Model has shown that there are no differences in the capacity forecasts for convenience or comparison goods in 2011 (because very little of the new housing growth will have occurred by then). For convenience goods, even by 2031 the maximum differences between the forecasts are 200 sq metres net retail sales area, which is negligible. For comparison goods, the differences between the forecasts under the three options are still insignificant up to 2021. The principal differences are a slightly greater forecast capacity for new development in Hemel Hempstead Town Centre, and a slightly smaller capacity for new floorspace forecast as non-central, for the Northern Growth Option, compared with the Eastern Growth Option. Even by 2031, the differences are still small, and not such as to call into question the forecasts which we have set out above for the Eastern Growth option. For both convenience and comparison goods, the capacity forecasts for the Dispersed Growth option are very close to those for the Eastern Growth Option. In any event, review of the forecasts in the next few years, when the location for major housing growth has been settled, will enable the location of that growth to be taken into account for future planning purposes.

Comparison Goods Retail Sector Analysis

- 5.62 To assist with assessing the need for additional retail floorspace in the Borough, we have undertaken an analysis of the market shares of catchment area expenditure on each of the eight sub-categories of comparison goods that each shopping destination was attracting from the catchment area in 2008. RECAP Model Table 50 in Appendix 5 sets out the market shares of catchment area expenditure on such goods which the Household Interview Survey indicates as being attracted from the catchment area by the three town centres, and by retail warehouses and non-central food stores in Hemel Hempstead. In terms of scale, Hemel Hempstead Town Centre and the non-central shopping are substantially the most important.
- 5.63 Table 50 shows that there is substantial variation between the market shares attracted by Hemel Hempstead Town Centre for each of the eight comparison goods categories. The

highest is clothing and footwear, for which the town centre attracts 39% of catchment area expenditure; followed by 'Other Comparison Goods' with 34% of expenditure attracted. 23% of household textiles expenditure is attracted; and 33% of expenditure on chemists, medical and beauty goods. The town centre accounts for 17% of catchment area expenditure on audio visual equipment and on household appliances, 25% on hardware/DIY goods/garden products, and 14% on furniture and floor coverings. Table 50 therefore shows the strength of Hemel Hempstead Town Centre for non-bulky comparison goods; and its more limited role (in common with most town centres of this size and type) as a location for 'bulky goods' shopping.

- 5.64 The pattern of attraction of expenditure by non-central stores is approximately a 'mirror image' of that for Hemel Hempstead Town Centre, with insignificant market shares for the non-bulky goods categories of clothing and footwear, and 'other comparison goods' respectively; and much higher market shares for the 'bulky goods' categories. Thus Table 50 shows that non-central stores in the Borough attract 31% of expenditure on household appliances, 28% of catchment area expenditure on audio visual goods, and 32% on hardware, DIY and garden products. For chemists, medical and beauty goods, non-central stores (which include main foodstores) attract a market share of only 7%; whilst for furniture and floor coverings their market share is 12%, and for household textiles 17%.
- 5.65 If the market shares attracted by Hemel Hempstead Town Centre are combined with those attracted by retail warehouses and non-central superstores, the overall market shares attracted by the town as a whole vary from 26% (furniture and floorcoverings) to 57% (Hardware, DIY and garden goods). The retail sector analysis shows that with the exception of furniture and floorcoverings, there is no conspicuous need for more 'bulky goods' stores such as retail warehouses in the town, as this category of shopping is well served. Conversely, it indicates a need for more of the non-bulky comparison goods shops and stores in the town, (which are most likely to be located in the town centre) to reduce the need for Hemel Hempstead residents to travel to more distant such facilities elsewhere. We would expect the proposed Waterhouse Square development in the town centre to contribute to meeting this need in due course.
- 5.66 In Berkhamsted and Tring, the market shares of total catchment area expenditure for each category of comparison goods which are attracted are very much less than in Hemel Hempstead. Table 50 shows that the most important category in both towns is chemists', medical and beauty products, reflecting the localisation of shopping for such goods. We consider that the market shares for these two small town centres indicated by Table 50 do not indicate any conspicuous needs for more retail development of any particular category, bearing in mind the limited retail role of these centres.

Use and Review of the Forecasts

- 5.67 Finally and in accordance with our usual practice, we must emphasise that all expenditure based forecasts of future shop floorspace capacity are based on imperfect data and contain a number of assumptions. Our forecasts set out in this report are based on the most up-to-date



and reliable information currently available to us. However, they are intended as an indication of the likely order of magnitude of future shop floorspace capacity (if forecast trends are realised) rather than as growth targets or rigid limits to future growth. The forecasts should be periodically revised as necessary in the light of actual population and expenditure growth and changes in other forecasting parameters, and as development proceeds and its effects become measurable.

6. Accommodating Retail Development Needs

- 6.1 Because this is an Update report, we have only updated our previous advice on accommodating retail development needs and on potential development sites where circumstances have changed significantly since the 2006 report. Our previous assessments of development sites set out in Section 9 of the 2006 report therefore remain unchanged, except as indicated below.
- 6.2 The principal retail development needs which we have identified are for more convenience goods floorspace in Hemel Hempstead, and more comparison goods floorspace in Hemel Hempstead Town Centre. In relation to convenience goods, the quantitative needs are for a new food superstore in the town centre to anchor and help enable the proposed Waterhouse Square development. The qualitative needs are for the development of some medium sized deep discount supermarkets, such as are operated by Aldi, Lidl and Netto, because there are no such foodstores in Hemel Hempstead (or in Berkhamsted or Tring).
- 6.3 The food superstore proposed for Waterhouse Square will take up all the forecast capacity for new convenience goods floorspace in the town until about 2016. There will therefore be no need to allocate any sites in the town for any additional such foodstores in the first half of the LDF period. Even in the second half, capacity is unlikely to arise for another food superstore until right at the end at the earliest. The need for it will depend upon whether or not Asda occupies the proposed new superstore at Waterhouse Square and its existing foodstore goes out of food retail use. We therefore consider that there is no need to allocate a site for a second new superstore in the new LDF; as the need for it and a potential site should be reviewed after completion of Waterhouse Square.
- 6.4 The qualitative case for three or four deep discount supermarkets means that there would be merit in identifying sites to accommodate some of them early in the plan period, despite the lack of theoretical forecast capacity. These stores have very low convenience goods sales relative to food superstores (typically about £4m per annum each, compared with at least £30m upwards for a typical food superstore). The impact of allowing some such stores ahead of forecast capacity would not therefore be great, and not such as to be likely to put at risk achievement of a new food superstore to anchor the Waterhouse Square development – particularly if the latter was to be operated by Asda relocating from its existing store, which then goes out of food retail use.
- 6.5 Any such new discount supermarkets should be located in accordance with the sequential approach. This means in or on the edge of an existing town, district or local centre, in preference to out-of-centre locations; in accordance with the overriding principle of PPS6 that *'development should be focused in existing centres'*. If this is not practicable, in Hemel Hempstead we consider the second preference should be for such stores located where they could help to anchor any new district or local centres planned to serve the new housing growth

areas. Until the Council's strategy for the location of the major housing growth is settled, it is not possible to provide firm advice on the optimum location of such new district or local centres or their scale. We therefore suggest that this issue be reviewed as work on the Core Strategy proceeds.

6.6 We consider that Leverstock Green, Woodhall Farm or Grovehill, and Warners End local centres are reasonably well located to serve both new housing growth and existing surrounding residential areas in the south-east, north and west of the town respectively. We therefore suggest that the Council explores the potential of each of these centres to accommodate a new discount supermarket to meet the qualitative need for such stores, and the market demand, identified above. Locating new discount supermarkets in or adjacent to these centres would provide a good geographical spread of such stores around the town, would help to strengthen these existing local centres, and would enable the new stores to be served by public transport. If this can be achieved, we see no need for new district or local centres to serve the new housing areas. All that would be needed (and commercially realistic) would be a few local shops such as newsagents/neighbourhood convenience stores, to serve local walk-in shopping needs in the new housing areas. If such expansion of existing local centres cannot be achieved, the alternative would be to develop new discount supermarkets in the largest of the new housing development areas, to 'anchor' new local centres. In Table 6.1, we summarise our suggested strategy for new local shopping development in Hemel Hempstead.

Table 6.1: Strategy for new local shopping development in Hemel Hempstead

Housing Growth Option	First Preference	Second Preference
Eastern Growth	Expand Woodhall Farm and Leverstock Green local centres with a new discount supermarket and other shops in each. Develop a new discount supermarket at Warners End local centre to serve existing housing on west side of town.	Locate new discount supermarkets as anchors to a new local centre in each of areas 14; and 10, 11 or 12. Develop a new discount supermarket in area 6, or elsewhere on west side of town.
Northern Growth	Expand either Woodhall Farm or Grovehill local centres, and Warners End local centre, with a new discount supermarket and other shops in each. Develop a new discount supermarket at Leverstock Green local centre to serve existing housing on south-east side of town.	Locate new discount supermarkets as anchors to a new local centre in each of areas 10, and 6 or 7. Develop a new discount supermarket elsewhere on south-east side of town.

Dispersed Growth	Expand either Woodhall Farm or Grovehill local centres, Warners End local centre, and Leverstock Green local centre with a new discount supermarket and other shops in each.	Locate new discount supermarkets elsewhere in the north, south-east and west parts of town.
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Source: DTZ.

- 6.7 In terms of comparison goods, the need which we have identified is for more town centre development. The proposed Waterhouse Square development should be able to accommodate all the forecast capacity up to about 2016. We consider that this is the best available site for such new floorspace, as part of the proposed major mixed use redevelopment of this part of the town centre. We consider that every effort should be made to implement this proposed development as soon as economic conditions permit. However, it will need to be designed to be closely linked with the currently pedestrianised part of Marlowes, so that the existing and new retailing can effectively combine their attractions for mutual benefit. This may mean extending the pedestrianised part of Marlowes to the north as far as Hillfield Road, and closing the eastern end of Bridge Street to traffic.
- 6.8 In the longer term, we consider that the west side of the currently pedestrianised part of Marlowes may provide opportunities for redevelopment for higher density retail uses, to accommodate further forecast capacity for new comparison goods retail floorspace, as recommended in the 2006 report. This would be the most commercially suitable location for it, as it would be able to strengthen this mid part of the town centre, and benefit from the strong pedestrian flows likely to arise between Riverside Centre and the new Waterhouse Square. In this location, new retail development would help to consolidate the prime retail core of the town centre between these two new northern and southern ‘anchor’ developments. We therefore consider that this area should be identified in the LDF for future comparison goods retail development after the completion of Waterhouse Square.
- 6.9 At Jarman Park (Site 3 in the 2006 report), planning permission has been granted since completion of the 2006 report for ‘bulky goods’ retail warehouses totalling 6,700 sq m gross. We consider that this site will be commercially attractive and suitable for such a use, when economic conditions for retailing improve and retailers re-enter the market for such accommodation. In view of the planning permission, we suggest that this site be designated for the permitted use, but limited to the amount of floorspace permitted and to ‘bulky goods’ retailing only.
- 6.10 We have been unable to forecast a need before late in the forecasting period for more convenience goods floorspace in addition to the proposed food/non-food superstore at Waterhouse Square. We therefore consider that there is no justification for extending the existing Tesco superstore at Jarman Park, at least until very late in the forecasting period. This

store is located some distance from the proposed new housing growth areas under any of the three alternative strategies for location of that growth. Its extension would make it harder to secure new discount supermarkets in existing local centres which are closer to the growth areas. Extension of Tesco would also make it more difficult to secure the anchor superstore at Waterhouse Square, and/or could depress the land value resulting from that development, thus undermining its enabling role.

- 6.11 In Berkhamsted Town Centre, we are unable to identify substantial capacity for new retail development. We therefore consider that there is no particular need to identify in the LDF any sites for accommodating it. The Stag Lane site in Berkhamsted discussed in the 2006 report has now been developed for housing, and is no longer available for retail use. The Water Lane site in Berkhamsted Town Centre suffers from a number of difficulties. These include multiple ownership, the likely high cost of purchasing existing interests, the limited physical capacity of the site which means that it would not provide substantial additional floorspace, and its location behind the existing street frontages. We therefore now consider that there is no justification for identifying this site for retail development. Instead, we suggest that there should be a criteria-based policy indicating the circumstances in which new retail development in the town centre would be supported, for example small scale infill developments, shop and store extensions, and changes of use to Class A1 retailing. Such a policy would not preclude development of the Water Lane site in the future for retail use, if satisfactory proposals emerge.
- 6.12 Similarly, in Tring we have not identified any need for substantial new retail developments, and so there is no need to allocate any sites for it in the LDF. As for Berkhamsted, we suggest a criteria based policy setting out the circumstances in which small scale retail development in the town centre would be supported by the Council.

7. Retail Frontage Policies in Hemel Hempstead Town Centre

7.1 The 2006 report included a detailed analysis of retail frontages in Hemel Hempstead Town Centre and advice on policies to control changes of use. We have updated that analysis for this report. In doing so, we have used the same 6 street frontage blocks as in the 2006 report. A map of these street blocks is provided in Appendix 6. To these we have added Riverside Centre as Block 7, immediately to the south of Blocks 1 and 6. Our updated analysis, based on the latest data available from Experian Goad, is summarised in Table 7.1 below.

Table 7.1: Unit Types per Block – Percentages – Hemel Hempstead

Block	Location and type	No. of units	% Comparison	% Convenience	% Total Retail	% A3	% Other service	% Total Service (incl A3)	% Office	% Vacant
1	Primary retail, located along Marlowes at the southern end.	17	64.7	0.0	64.7	0.0	23.5	23.5	11.8	0.0
2	Primary retail, located mid-way along Marlowes	37	35.1	2.7	37.8	13.5	29.7	43.2	5.4	13.5
3	Secondary retail, located towards the northern end of Marlowes.	39	28.2	7.7	35.9	15.4	33.3	48.7	12.8	2.6
4	Secondary retail, located at the northern end of Marlowes	19	5.3	5.3	10.5	10.5	63.2	73.7	10.5	5.3
5	Secondary retail, located at the northern end of Marlowes.	25	28.0	0.0	28.0	12.0	28.0	40.0	24.0	8.0
6	Primary retail, located at the southern end of Marlowes.	33	63.6	9.1	72.7	6.1	12.1	18.2	0.0	9.1
7	Riverside Centre	23	52.2	0.0	52.2	13.0	0.0	13.0	0.0	34.8

Source: Experian Goad, February 2008

Notes:

Percentages do not always sum to 100% because of rounding.

The analysis is based on DTZ's assessment of occupancy in each category, not on permitted use classes, for which detailed information is not available.

7.2 Block 1 has the majority of its units occupied by comparison goods retailers (65%). The remainder are occupied by services and offices. There are no A3 cafe/restaurant uses in this

block. We consider that this block should as far as possible be retained in retail use, because of its important location linking Riverside Centre with the main retail core on Marlowes. We therefore suggest that the Marlowes frontage should be designated as primary retail frontage, and not less than 65% of the units in this block should be retained in retail use.

- 7.3 Block 2 as a whole now has only 38% of its units in comparison and convenience goods retail use. Services now form the largest group of occupants. However, this is partly because the block includes a number of units on the secondary retail frontages of Bridge Street and Waterhouse Street, together with Bank Court. Only Marlowes can be considered to be a primary retail frontage in terms of uses and pedestrian flows. On the Marlowes frontage, 67% of units were in comparison goods retail use at the date of the Experian Goad survey in February 2008. We consider that the Marlowes frontage should be designated as primary retail frontage. Within this frontage, it would be desirable to avoid further loss of retail use, as it is part of the pedestrian-only area of Marlowes and opposite the North Mall of Marlowes Shopping Centre. We therefore remain of the view set out in the 2006 report that no further loss of A1 uses should be permitted in this area. There are very few retail uses in the Bridge Street, Waterhouse Street and Bank Court frontages, and in these secondary areas, full flexibility for changes of use would not be inappropriate.
- 7.4 Block 3 lies to the north of the pedestrianised area of Marlowes. In the block as a whole, only 36% of the units are in convenience and comparison goods retail use. Again, this is partly because the block includes units on Bridge Street, Waterhouse Street and Market Square, a number of which are offices. Even on the Marlowes frontage, only 5 out of 16 units are occupied for retailing of convenience or comparison goods. In terms of current retail function therefore, the whole of this block is secondary, and pedestrian flows decline significantly north of Bridge Street. In the longer term, when Waterhouse Square has been developed, Block 3 will become much more important in retail terms, as it will link Waterhouse Square to the currently pedestrianised prime retail area of Marlowes. It would therefore be desirable to minimise secondary uses on the Marlowes frontage of this block, in order to help integrate Waterhouse Square with the existing prime retail areas. We therefore consider that further loss of Class A1 retail use should be resisted on the Marlowes frontage, as recommended in the 2006 report. On the other frontages, a flexible policy for changes of use would help to minimise vacancy, particularly in the current difficult economic climate for retailing and services.
- 7.5 Block 4 comprises the north side of Market Square, and includes frontages to Marlowes, Combe Street and Waterhouse Street. This block forms part of the proposed Waterhouse Square development site. It is identified for redevelopment, and therefore there is no need for policies to control change of use of the existing shop units.
- 7.6 Block 5 comprises the east side of Marlowes as far south as no 145 (Kelly Services Employment Agency). It is north of the pedestrianised part of Marlowes, and is more secondary in retail terms. Only 28% of the units are currently occupied by convenience and comparison

goods retailers. 40% are occupied by services businesses, and 24% by offices. When Waterhouse Square is developed, we expect the highest pedestrian flows between it and the currently prime retail area of Marlowes to be on the west side of Marlowes, rather than past the frontage of Block 5. The latter currently is an important location for a mixture of uses which require a low rental location but which add to the diversity of the town centre. We therefore consider that it should be designated as secondary retail frontage, and full flexibility for changes of use allowed.

7.7 Block 6 is on the east side of the pedestrianised area of Marlowes. As such it forms part of the primary retail area. 73% of the units on the Marlowes frontage are occupied by convenience and comparison goods retailers. As with Blocks 1 and 2, this block is important in linking the pedestrianised part of Marlowes with Riverside Centre. As recommended in the 2006 report, we consider that loss of A1 retailing in this area should be resisted as far as possible.

7.8 Block 7 is the new Riverside Centre. This is not yet fully occupied, having opened at about the start of the current economic slowdown. At the time of the Experian Goad survey in February 2008, 35% of the units were awaiting occupiers, although since then there have been some further lettings. Most of the occupied lettings on Riverside are occupied by retailers, and this part of the centre, together with Debenhams and Peacocks, forms an extension to the primary retail area. We therefore consider that the whole centre should be designated as part of the primary retail area, but that the frontages to Riverside should be protected from loss of A1 retail uses. With the exception of the two 'anchor stores', Debenhams and Peacocks, the frontages to the River Gade could with advantage be occupied by A3 and A4 uses, taking advantage of the attractive riverside environment. In these parts of the centre, we consider that such uses should be permitted.

8. Principal Conclusions and Recommendations

The vitality and viability of Hemel Hempstead Town Centre

- 8.1 Hemel Hempstead Town Centre is reasonably vital and viable given the current market conditions, when assessed against the PPS6 criteria. However, despite the addition of Riverside Centre, the town centre still lacks the 'critical mass' to draw additional trade from elsewhere and be certain of retaining its position in the retail hierarchy in the long term. The planned Waterhouse Square development, together with the recent Riverside Centre development, will assist towards creating a critical mass of retail provision, improving the town's image, and cementing Hemel Hempstead's role as that of an important town centre in the future.

Retailer Demand

- 8.2 Demand from both convenience and comparison goods retailers exists in Hemel Hempstead, Berkhamsted and Tring; with Hemel Hempstead most often viewed as the key target. However, apart from interest from food retailers (in particular discount supermarket operators), demand from comparison goods retailers is currently weak in all three towns. This is largely a result of the current economic recession, which is forcing retailers to focus on survival, and restricting new shop openings to only the very strongest retail locations in the country.
- 8.3 There is a strong demand from 'deep discount' food retailers to open new discount supermarkets in Dacorum, due to the absence of this type of retailer in the Borough at present. In the current economic climate, it is likely that demand for discounted foods will increase. There is also demand from the major food retailers to open a new superstore in Hemel Hempstead. Overall, we consider that the demand from food retailers should be sufficient to support one new food/non-food superstore in Hemel Hempstead, together with up to about 2 or 3 discount supermarkets. In each of Berkhamsted and Tring, we would not expect more than at most one new discount supermarket to be developed, if suitable sites became available.

Quantitative need for new retail floorspace

Convenience goods

- 8.4 Our new retail capacity forecasts show that in Hemel Hempstead, there would be sufficient expenditure to support the convenience goods floorspace in the proposed food superstore in the Waterhouse Square development by about 2016, if forecast trends and expected market share changes occur. This would be only a short time after its likely opening, and so this element of that scheme would be justified by forecast growth in convenience goods expenditure. Elsewhere in Hemel Hempstead, there will be no capacity for additional floorspace forecast as non-central in 2016, but capacity will rise thereafter to about 2,950 sq m net by 2031, if forecast

trend occur. This would be sufficient to support one new town/district centre format supermarket and up to about four discount supermarkets in Hemel Hempstead by the end of the forecasting period.

- 8.5 In view of the lack of deep discount supermarkets in Hemel Hempstead at present, there could be a case for allowing one or two at an early date to meet this qualitative need, despite the absence of theoretical forecast capacity to support them. If up to two such stores were permitted in the next few years, we do not think that they would put at risk the proposed new food superstore at Waterhouse Square in the town centre. Any such new foodstores should be located in accordance with the sequential approach, as indicated below.
- 8.6 In Berkhamsted, there will be a theoretical oversupply of convenience goods floorspace in 2011, which should be eliminated by the end of the forecasting period to 2031. This means that the foodstores and other convenience goods shops in Berkhamsted will be likely to trade at a little below the level based on estimated 2006 company averages for most of the forecasting period, and there will be no quantitative need for any further floorspace before 2031, if forecast trends occur. However as in Hemel Hempstead, there could be a qualitative need case for permitting a deep discount supermarket at an earlier date, because of the lack of such stores in the town at present.
- 8.7 In Tring, forecast growth in expenditure would be sufficient to support a medium sized deep discount supermarket in Tring from about 2026 onwards. Again, however, there could be a case in terms of qualitative need for permitting one such store in Tring much earlier, to overcome the lack of such stores in the town at present.

Comparison goods

- 8.8 For comparison goods the forecast capacity in Hemel Hempstead Town Centre at 2016 should be sufficient to support the likely scale of development at Waterhouse Square by that date, if forecast trends occur. Thereafter, capacity for substantial further floorspace is forecast, but this should be checked and verified by new forecasts based on a new Household Interview Survey undertaken after completion of Waterhouse Square. Elsewhere in Hemel Hempstead, after allowing for the permitted new 'bulky goods' retail warehouses at Jarman Park, there will be no significant capacity for new retail warehouses or comparison goods floorspace in main foodstores forecast as non-central, until late in the forecasting period. When sufficient quantitative need has arisen, new floorspace to satisfy that need should be located in accordance with the sequential approach.
- 8.9 In Berkhamsted, forecast capacity for new comparison goods floorspace is too low to support a substantial town centre development – which would be commercially unlikely in any event, owing to the low shop rental values, which make it very difficult for new retail developments to be financially viable in town centres of this small size and type. However, the forecast capacity

should be sufficient to support small scale increases in floorspace, by way of change of use, shop extensions, and incremental infill development.

- 8.10 In Tring, only modest capacity for new comparison goods floorspace is forecast. As in Berkhamsted, it is unlikely that a substantial town centre retail development could occur, and for the same reasons. However, again the forecast capacity would be sufficient to support small scale shop extensions, changes of use and infill developments within the town centre, as opportunities arise.

Hemel Hempstead housing growth options

- 8.11 The retail capacity forecasts summarised above are on the basis of the Eastern Growth option for Hemel Hempstead. We have also tested the sensitivity of the forecasts to selection of the Northern or Dispersed Growth options, and found that the retail capacity forecasts for the town are very insensitive to the differences between these three growth options. The maximum differences are small, and not such as to call into question the forecasts which we have set out above for the Eastern Growth option. In any event, review of the forecasts in the next few years when the location for major housing growth has been settled, will enable the location of that growth to be taken into account for future planning purposes.

Accommodating identified needs for new retail development

- 8.12 The principal retail development needs which we have identified are for more convenience goods floorspace in Hemel Hempstead, and more comparison goods floorspace in Hemel Hempstead Town Centre. In relation to convenience goods, the quantitative needs are for a new food superstore in the town centre to anchor and help enable the proposed Waterhouse Square development. The qualitative needs are for the development of some medium sized deep discount supermarkets.
- 8.13 The food superstore proposed for Waterhouse Square will take up all the forecast capacity for new convenience goods floorspace in the town until about 2016. There will therefore be no need to allocate any sites in the town for any additional such foodstores in the first half of the LDF period. Even in the second half, capacity is unlikely to arise for another food superstore until right at the end at the earliest. We therefore consider that there is no need to allocate a site for a second new superstore in the new LDF; as the need for it and a potential site should be reviewed after completion of Waterhouse Square.
- 8.14 The qualitative case for three or four deep discount supermarkets means that there would be merit in identifying sites to accommodate some of them early in the plan period, despite the lack of theoretical forecast capacity. The impact of allowing such stores ahead of forecast capacity would not be such as to put at risk achievement of a new food superstore to anchor the Waterhouse Square development.

- 8.15 Any such new discount supermarkets should be in or on the edge of an existing town, district or local centre, in preference to out-of-centre locations; in accordance with the overriding principle of PPS6 that *'development should be focused in existing centres'*. We consider that Leverstock Green, Woodhall Farm or Grovehill, and Warners End local centres are reasonably well located to serve both new housing growth and existing surrounding residential areas in the south-east, north and west of the town respectively. We therefore suggest that the Council explores the potential of each of these centres to accommodate a new discount supermarket to meet the qualitative need for such stores, and the market demand, identified above. Locating new discount supermarkets in or adjacent to these centres would provide a good geographical spread of such stores around the town, would help to strengthen these existing local centres, and would enable the new stores to be served by public transport. If this is not practicable, in Hemel Hempstead we consider the second preference should be for such stores located where they could help to anchor any new district or local centres planned to serve the new housing growth areas.
- 8.16 For comparison goods, the need which we have identified is for more town centre development. The proposed Waterhouse Square development should be able to accommodate all the forecast capacity up to 2016. In the longer term, we consider that the west side of the currently pedestrianised part of Marlowes may provide opportunities for redevelopment for higher density retail uses, to accommodate further forecast capacity for new comparison goods retail floorspace, as recommended in the 2006 report.
- 8.17 In Berkhamsted and Tring town centres, we are unable to forecast need for substantial new town centre developments. There is therefore no requirement to identify sites for such development in the LDF. Instead, criteria based policies which would permit small scale incremental retail development in each town centre would be more appropriate.

Retail frontage policies in Hemel Hempstead Town Centre

- 8.18 We recommend that the west side of Marlowes south of the site proposed for Waterhouse Square, should be designated as primary retail frontages. On the east side of Marlowes, the frontages to the currently pedestrianised are should be designated as primary retail frontages; together with the frontages on both sides of Riverside, and the frontages of the Debenhams and Primark stores in Riverside Centre. In these areas, loss of Class A1 retail uses should be resisted as far as possible. Elsewhere in Hemel Hempstead Town Centre, frontages which include significant numbers of shops should be designated as secondary shopping frontages. In those areas, flexibility for changes of use should be applied.



Appendix 1 – Hemel Hempstead Car Park Survey



Appendix 2 – Hemel Hempstead Town Centre Environment Survey



Appendix 3 – Catchment Area Map



Appendix 4 – Dacorum Household Interview Survey Results

NB. The totals columns in these un-weighted tables of survey results (Tables 2 to 25) are not statistically representative of the survey area as a whole. However, the totals have not been used in the RECAP Model; but only the results for individual zones, which would not be affected by weighting to account for differences in the sample proportions between zones.

Also included at the end of Appendix 4 are two cross tabulations from the results of the Household Interview Survey (Q3 and Q4 Cross-Tab), in which the sample of respondents indicating Hemel Hempstead Town Centre as the centre which they use most often are cross tabulated against their expressed likes and dislikes about that centre. These two cross tabulation tables are weighted to account for differences in the response proportions between zones, so that the totals columns in them are statistically representative of the population using Hemel Hempstead as their main centre. The results in those weighted totals columns have been used in our description of Customer Views and Behaviour in our town centre vitality and viability analysis set out in Section 2 of the report.



Appendix 5 – Dacorum RECAP Model 2008



Appendix 6 – Street Blocks in Hemel Hempstead Town Centre
