

**Meeting identified retail comparison floorspace needs and review
of the boundary for Eastleigh town centre**

In response to Inspector Action Points 11.6 and 11.7

October 2020

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MEETING IDENTIFIED RETAIL COMPARISON FLOORSPACE NEEDS AND REVIEW OF THE BOUNDARY FOR EASTLEIGH TOWN CENTRE

1.0 INTRODUCTION

2. This paper has been prepared following the Local Plan examination hearings in response to the following agreed action points:
 - **ACTION POINT 11.6:** At present the Plan does not meet comparison needs to 2027. LPA to review town centre boundary and provide a paper to consider whether Eastleigh town centre boundary should be extended with reference to the urban renaissance quarter and/or Barton Park
 - **ACTION POINT 11.7:** Consider whether proportionate further evidence can be provided on whether vacancies can meet some of the outstanding retail needs, focussing on vacancies in Eastleigh, Hedge End and Chandler’s Ford centres.
3. In responding to these action points, it is also considered reasonable and justified to set out the latest retail trends within the context of the fluid situation arising from the Covid-19 pandemic which has been the cause of significant widespread disruption to the global, national and local economy.

2.0 RETAIL STUDY FINDINGS AND LOCAL PLAN EXAMINATION HEARINGS AGREED ACTIONS

3. The Eastleigh Retail and Leisure Needs Study (Carter Jonas 2017) identified the following comparison retail expenditure and floorspace requirements:

TABLE 1: BOROUGH-WIDE CAPACITY FORECASTS – ASSUMING ‘EQUILIBRIUM’ AT 2017

| | 2022 | 2027 | 2032 | 2036 |
|--|-------------|--------------|---------------|---------------|
| Retail Expenditure (£m) | £0.6 | £47.1 | £106.8 | £167.3 |
| Floorspace Capacity (sqm net sales) | 94 | 6,360 | 12,935 | 18,564 |

4. As shown in Table 1, the Eastleigh Retail and Leisure Needs Study (Carter Jonas 2017) identified a Borough-wide need for 18,594sq.m. of new retail comparison floorspace by 2036. Agreement was reached during the examination hearing discussions that this would be an unrealistic target due to the changing and dynamic nature of retail sector trends. The inspector therefore recommended that the Council plans for c. 6,000sq.m of retail comparison¹ floorspace by 2027. This was seen to eliminate some of the uncertainty relating to forecasting future retail needs beyond a five-year period.

¹ Previously categorised under the A1 use class. No references to use classes in use classes have been made in this paper due to the A1-A5, B1a, D1 and D2 use classes being deleted and replaced with a new Class E and Class F. These new use classes are currently the subject of a legal challenge at the time of writing this paper.

3.0 IDENTIFIED SUPPLY FOR MEETING THE BOROUGH'S IDENTIFIED RETAIL COMPARISON NEEDS

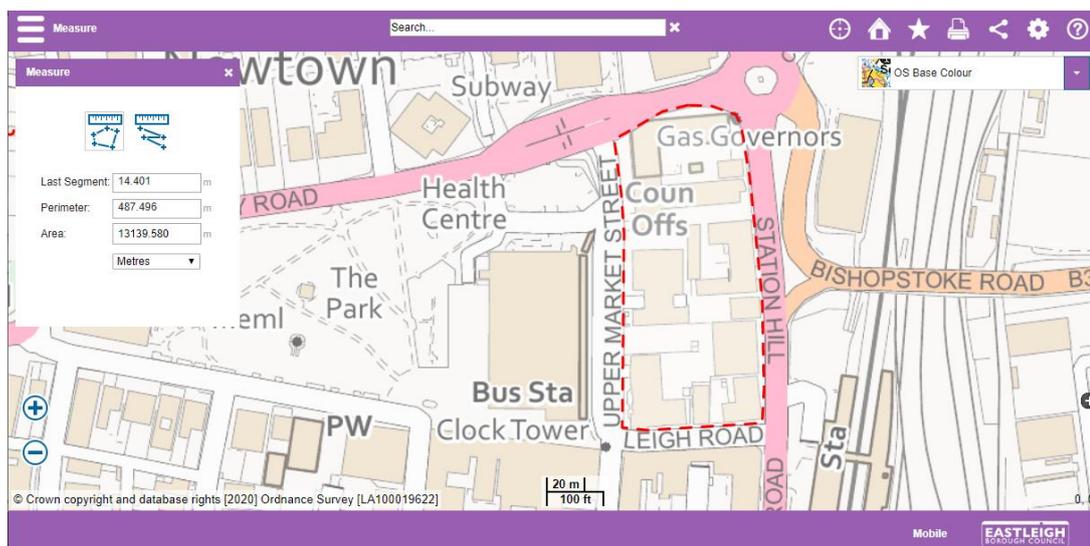
5. There are two parts to this exercise which have been undertaken to scope the potential for accommodating the Borough's identified c. 6,000sq.m of retail comparison needs by 2027. The first relates to redevelopment through identifying vacant land and existing occupied buildings and the potential for these to accommodate these needs. The second relates to vacant units within the town centre and district centres and the potential for these to accommodate this identified retail comparison need.
6. Eastleigh Town Centre as the principal shopping destination in the Borough has been the main focus of this work. For existing occupied units, it has been assumed that between 25% and 50% of the total estimated floorspace that would be provided upon any redevelopment or refurbishment could be occupied by retail comparison floorspace uses. These provision scenarios have helped to inform the floorspace availability calculations which are provided in this paper. For vacant land, it has been assumed that up to 40% of the land area could be redeveloped with new floorspace (based on a plot ratio of 1 ha = 4,000sq.m as a rough approximation). This plot ratio is considered to be reasonable in allowing for buildings and the associated parking and servicing areas to be provided.

Potential for new retail comparison floorspace on vacant land and existing buildings

Within the Eastleigh town centre boundary

7. There are no vacant plots of land within the core shopping zone which have the potential to provide new retail comparison floorspace. However, there are occupied buildings which are owned by Eastleigh Borough Council (EBC) in other areas throughout the town centre which have the potential to be redeveloped for retail purposes.

FIGURE 1: UPPER MARKET STREET / STATION HILL

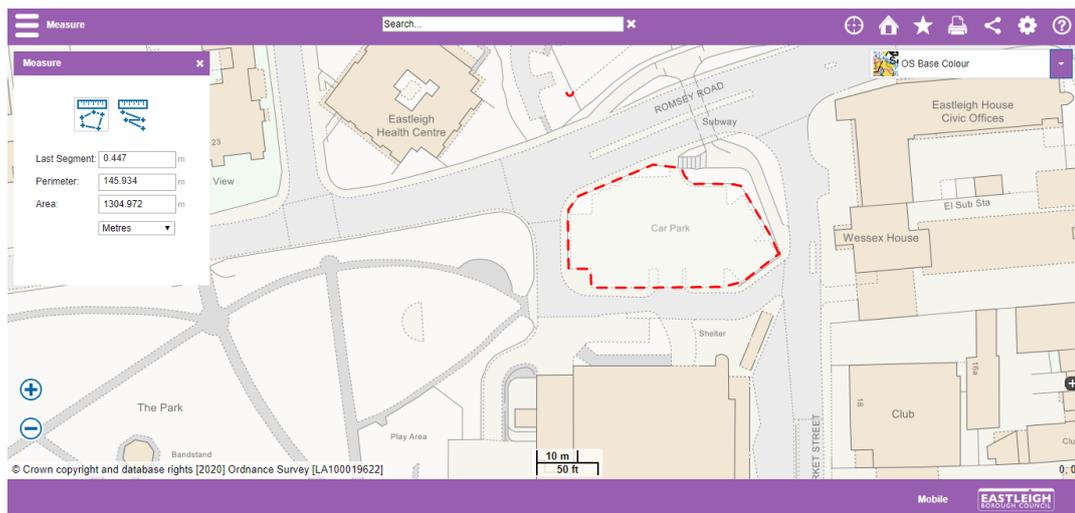


8. The east side of Upper Market Street / Station Hill as shown in Figure 1 above is located in the secondary shopping frontage and has been identified as having the potential for providing a significant proportion of the identified retail comparison floorspace needs in the Borough. This area has been allocated for a wide mix of town centre uses in the emerging

2016-2036 Local Plan (see emerging Policy E3). Eastleigh House is located within this area although it is worth stating that there are no plans to redevelop this or Enterprise House located immediately adjacent to the south. Whilst there are no plans to redevelop any of the wider area at present, which is also the subject of long-term leases, such a possibility should not be ruled out in the medium-term for some of this area. This is consistent with criterion 1, ii. of Policy E3 as proposed in the Local Plan, particularly with regards to the Council’s other land and property ownership interests in this area.

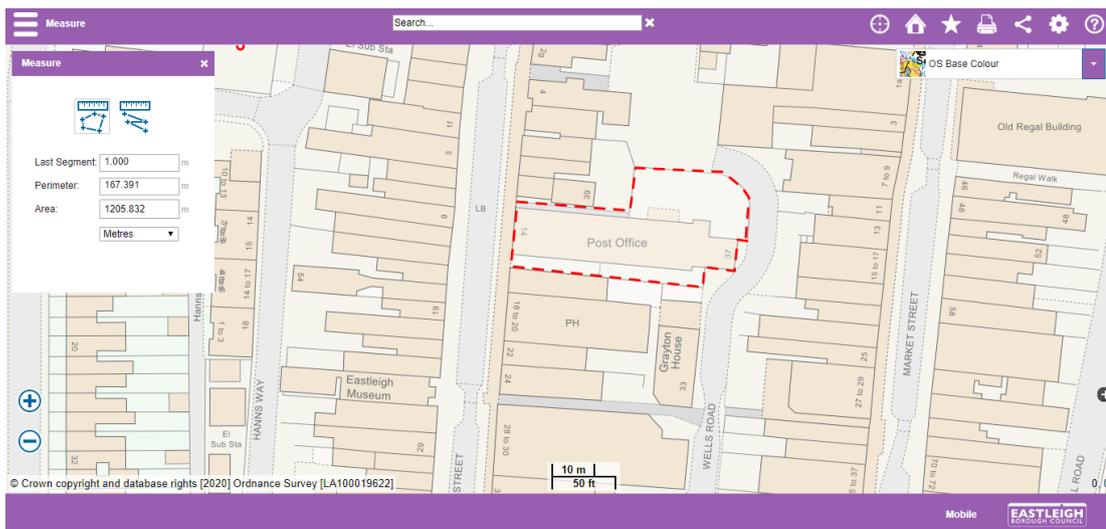
9. A broad estimate has been made that c. 2,000sq.m could be redeveloped as new available floorspace on the Upper Market Street / Station Hill block. This has been calculated through applying a reasonable assumption that 40% of the Council owned buildings in this location with the exception of Eastleigh House and Wessex House would be redeveloped through a plot ratio of 1 ha = 4,000sq.m as a rough approximation. A further assumption has then been made that between a quarter and half of this 2,000sq.m of floorspace could be developed for retail comparison floorspace. It has therefore been broadly calculated that between **500 – 1,000sq.m** could be developed for retail comparison floorspace.

FIGURE 2: ROMSEY ROAD CAR PARK



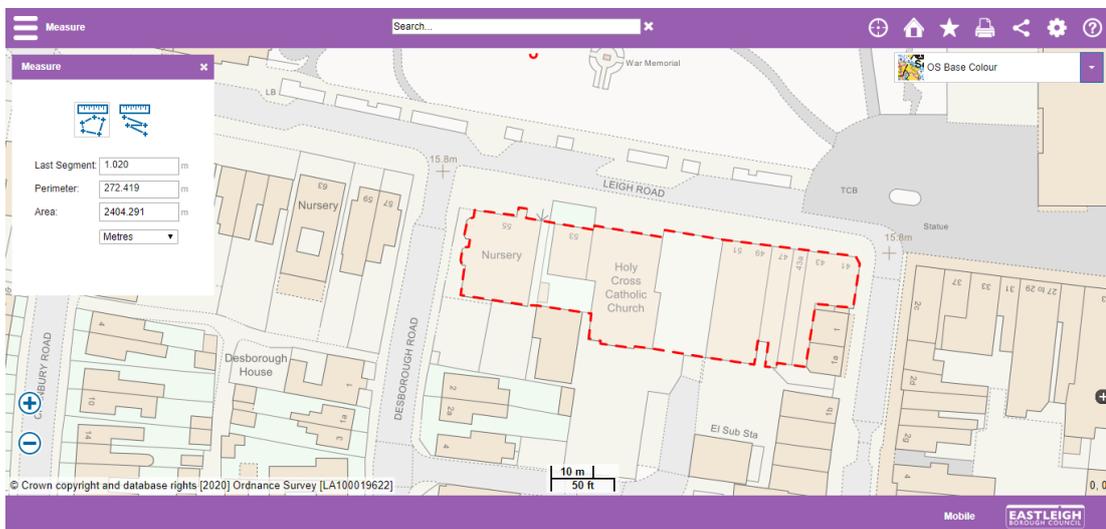
10. It is estimated that **c.200 - 400sq.m** could potentially be developed for retail comparison floorspace on this Eastleigh Borough Council owned open surface car park as shown in Figure 2. This has been calculated through applying a reasonable assumption that 40% of the total site area could be developed through a plot ratio of 1 ha = 4,000sq.m as a rough approximation with either 50% or 100% of any new floorspace developed being occupied by retail comparison uses. The site is currently well used as a car park and is not subject to any redevelopment proposals. However, the use of the site could be reviewed in future.

FIGURE 3: FORMER POST OFFICE, HIGH STREET



11. It is possible that any redevelopment of the Eastleigh Borough Council owned former Post Office site as shown in Figure 3 could have retail units occupying part of the ground floor frontage. Therefore, a broad assumption has been made at this stage that up to **200sq.m** of floorspace could be developed for retail comparison uses.

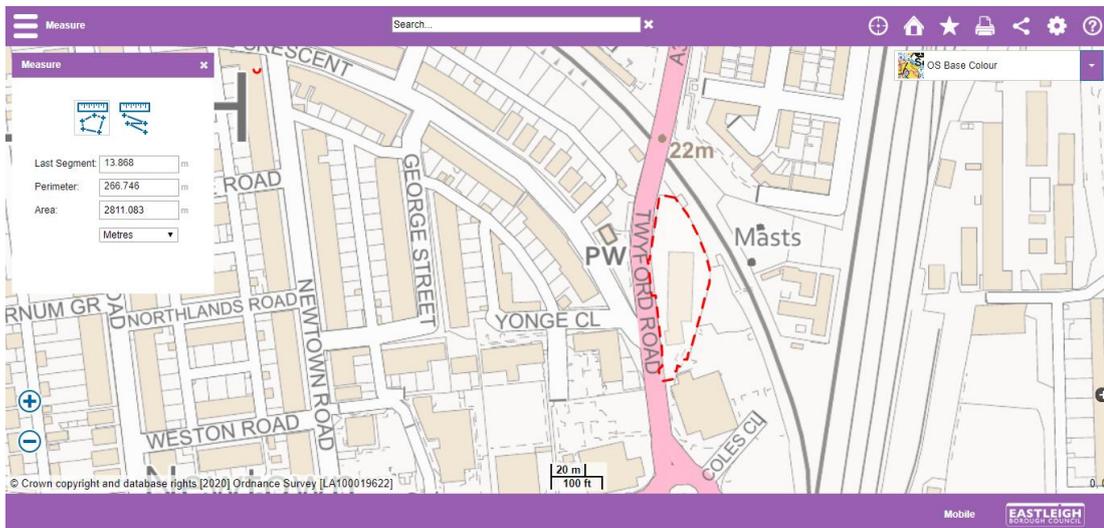
FIGURE 4: 41-55 LEIGH ROAD



12. There are currently no vacant units or buildings in the area which covers 41-55 Leigh Road as shown in Figure 4. The frontage has no comparison retailing and is occupied by a range of other town centre and community uses. However, it is possible that through future turnover of occupiers that a small amount could become occupied for retail comparison uses. A broad assumption has therefore been made at this stage that up to **c.300sq.m** (i.e. within a typical unit or building occupying this level of floorspace) could be become available for retail comparison floorspace occupiers to the south of Leigh Road.

On the edge of the town centre boundary

FIGURE 5: PLUMBING CENTRE, TWYFORD ROAD

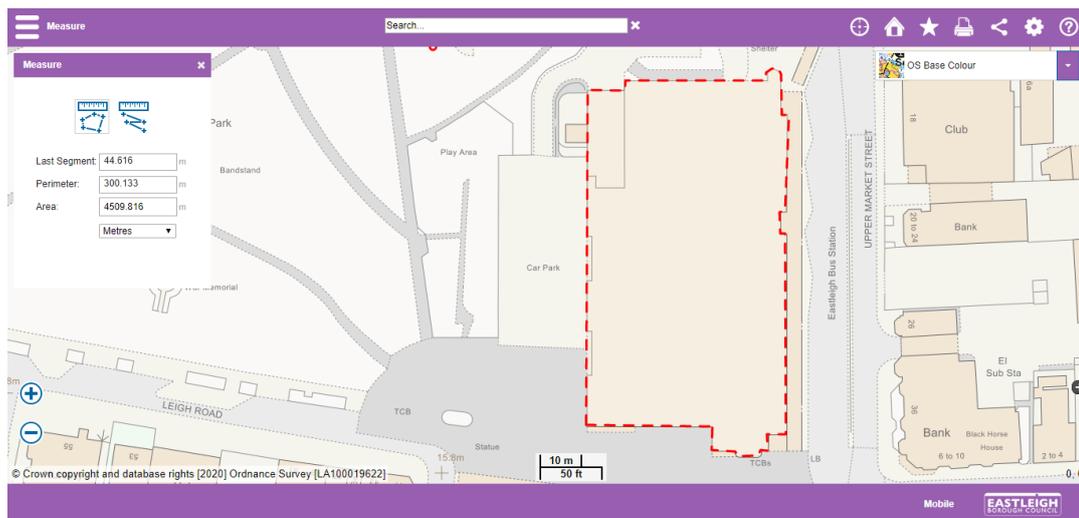


13. The vacant Plumbing Centre on Twyford Road is owned by Eastleigh Borough Council and is located on the edge of the town centre boundary as shown in Figure 5. There is no indication at this stage as to what uses could be developed. However, it is possible that retail comparison floorspace could form part of the mix provided that a retail impact assessment is submitted with any future proposals and is able to demonstrate that such provision would not have a harmful impact upon the town centre. A broad estimate has been made that up to **c.400sq.m** (i.e. c.50% of the potential floorspace that could be refurbished or redeveloped) could become available for retail comparison floorspace.

Other Eastleigh town centre sites

14. The following buildings have either been included in the vacancy analysis which follows or are not considered to offer any potential for accommodating retail comparison floorspace through redevelopment.
 - Regal Buildings (formerly Martines Nightclub), Upper Market Street – This is captured in the vacancy analysis which follows since the units have been vacant over a long-term period.
 - Sainsbury's, Upper Market Street – This is occupied on a long-term lease arrangement with Eastleigh Borough Council. However, this is not included in the potential for retail comparison floorspace calculations due to the greater uncertainty at this time with regards to this site coming forward for development. Figure 6 shows the location of Sainsbury on the western side of Upper Market Street.

FIGURE 6: SAINSBURY'S, UPPER MARKET STREET



Hedge End and Fryern district centres

15. The only land or buildings identified as available elsewhere in the Borough's centres which could provide for retail comparison floorspace include the vacant Budgens store and associated car park in Hedge End district centre. This is captured in the vacancy analysis which follows later in this paper.

Potential for accommodating retail comparison floorspace needs in vacant units in the Borough's town and district centres

16. In further meeting the needs for retail comparison floorspace by 2027, there are also existing vacancies which could accommodate some of this remaining shortfall. Table 2 shows the total amount of vacant floorspace (sq.m) as recorded by the Council for its Details of Occupancy survey's in 2017, 2018 and 2019. This helps to calculate an average vacancy rate for this period and to provide for a more robust set of figures rather than relying on the vacant floorspace figures for any one given year. The proportion of vacancies that were previously occupied by retail comparison shops is also factored into the calculated average vacancy rates. This is considered to provide a more realistic picture for how much vacant floorspace could be occupied by the identified retail comparison needs.

TABLE 2: POTENTIAL FLOORSPACE AVAILABILITY FOR MEETING RETAIL COMPARISON NEEDS (VARIOUS SCENARIOS TESTED)

| Centre | All available vacant floorspace 2017 | All available vacant floorspace 2018 | All available vacant floorspace 2019 | Based on actual % occupied by retail comparison floorspace | | | Based on calculated average for 2017 - 2019 |
|---------------------------|--------------------------------------|--------------------------------------|--------------------------------------|---|---|---|--|
| | | | | Vacant floorspace potentially available for retail comparison goods in 2017 | Vacant floorspace potentially available for retail comparison goods in 2018 | Vacant floorspace potentially available for retail comparison goods in 2019 | Vacant floorspace potentially available for retail comparison goods (average of 2017 – 2019) |
| Eastleigh town centre | 2,990 | 2,595 | 3,507 | 1,092 | 990 | 1,315 | 1,132 |
| Hedge End district centre | 1,797 | 1,407 | 1,554 | 440 | 298 | 354 | 364 |
| Fryern district centre | 173 | 380 | 135 | 20 | 45 | 17 | 27 |
| Totals: | 4,960 | 4,382 | 5,196 | 1,552 | 1,333 | 1,686 | 1,524 |

Source: Eastleigh Borough Council Details of Occupancy publications 2017, 2018 & 2019

17. The calculated average figures for 2017, 2018 and 2019 as shown in the final column are used for identifying the total amount of vacant retail space that could be available for meeting retail comparison floorspace needs in the Borough’s town and district centres. The overall availability of 1,524sq.m across the Borough’s town and district centres has been rounded down to **1,500sq.m** of floorspace which is considered as available for meeting retail comparison floorspace needs across the Borough. Assuming that no vacant land and occupied buildings were to come forward for retail comparison needs as per the separate analysis provided above, the minimum amount of floorspace that would still need to be found up to 2027 would be **4,500sq.m**.

Potential for providing new retail comparison floorspace – overall summary

18. Table 3 below provides a summary of the retail floorspace that would be provided and of the outstanding unmet needs in following up the analysis provided above.

TABLE 3: SUMMARY OF SCENARIOS FOR MEETING RETAIL UNMET RETAIL COMPARISON NEED

| | Redevelopment and vacancies (lower case scenario) | Redevelopment and vacancies (upper case scenario) | Vacancies scenario only |
|---|---|---|-------------------------|
| Potential for meeting retail comparison need (sq.m) | 2,200 | 3,800 | 1,500 |
| Outstanding retail comparison need (sq.m) | 3,800 | 2,200 | 4,500 |
| Total retail comparison need (sq.m) | 6,000 | 6,000 | 6,000 |

19. Based on the redevelopment analysis undertaken earlier in this section, it is estimated that a total of between **700 – 2,300sq.m** of new comparison retail floorspace (gross) could be provided for by 2027. Without factoring in vacant units, this would leave a shortfall of between **3,700 - 5,300sq.m** of floorspace to identify for providing outstanding retail comparison needs across the Borough.
20. When the estimate of vacant units is further factored into the overall floorspace which could be available for meeting retail comparison needs, this would leave a shortfall of between **2,200 – 4,500sq.m** of floorspace which would need to be provided for on unidentified sites. The remaining unmet need figure of 4,500sq.m is based on the assumption that it would only be vacant retail units meeting the identified retail comparison floorspace needs. The remaining unmet need figure of 2,200sq.m is based on a best-case scenario that the vacant retail units would become available along with all of the identified vacant land and occupied buildings for redevelopment for the maximum amount of comparison floorspace which has been estimated.

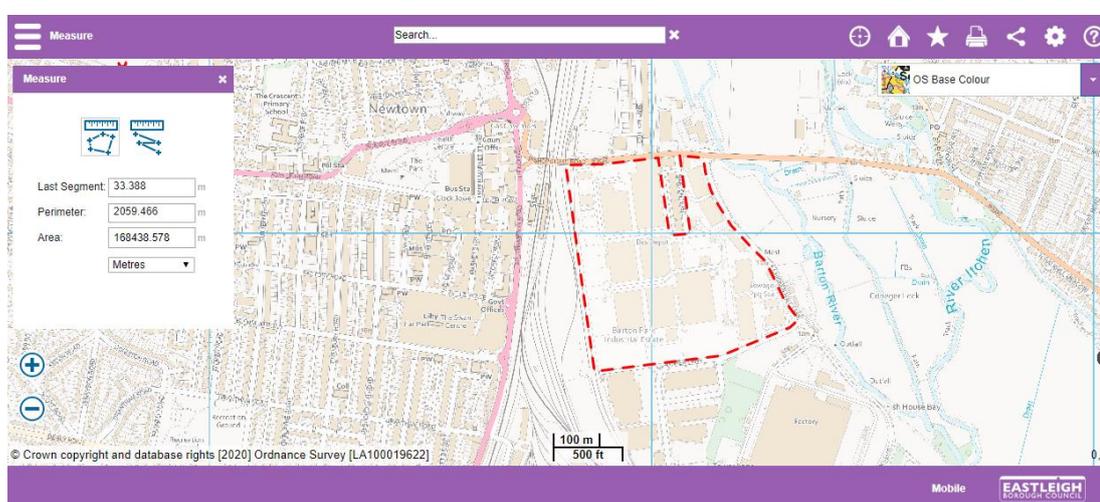
4.0 REVIEW OF THE TOWN CENTRE BOUNDARY

21. Regardless to what scenario is favoured, it is necessary to scope the potential options for accommodating this need through a review of the town centre boundary.
22. The Council has looked at the options for expanding the town centre boundary and the options for doing so are extremely limited. This is because of the established residential areas immediately to the south and west of the existing boundary. The options for expanding the town centre to the north are limited by Leigh Road recreation ground and Romsey Road which acts as a permanent physical barrier due to its busy nature.
23. Therefore, the Council considers this land to the north of Romsey Road should continue to be treated as an edge of centre site. In addition, there is little scope for further development in this location with no evidence at this stage to indicate that the health and specialist education related uses (protected under proposed policy E4ii) would be relocated elsewhere. There is also little scope for redeveloping on other sites along the north of

Romsey Road frontage with much of the land and buildings developed predominantly for residential and community related uses. Therefore, the residential-led character of this area is less likely to be attractive for retail occupiers.

24. There are also limited options for expanding the town centre boundary to the east into Barton Park. This area is quite detached not only from the town centre but also from the nearest section of shopping frontage due to Station Hill (a busy main road) and the Southampton to London Waterloo main railway line. These physical barriers along with the narrow pavement along Bishopstoke Road which would provide the key pedestrian route have the effect of severely restricting pedestrian accessibility to Barton Park, particularly for those who are less mobile. Therefore, the Council would not support the expansion of the town centre boundary to cover the Barton Park area. It is also worth noting that there were no representations in support of retail development at Barton Park during the previous consultation stages in preparing the Plan. A map of the location of Barton Park is shown in Figure 7 below.

FIGURE 7: BARTON PARK, EASTLEIGH



Town centre boundary expansion recommendation

25. Despite the access constraints, the Council would support a policy for certain types of retail development (e.g. comparison retail) at Barton Park to the east of the town centre provided this does not constitute open-ended retail related development due to the fact this would remain classed as an edge-of-centre site. The Council considers that this would help to meet unmet retail comparison needs by 2027 that cannot be provided for in the town or district centres. However, the Council does not support the expansion of the town centre boundary to cover this area and would require any planning application for retail related development at Barton Park to demonstrate that there would be no impact upon the role and function of the town centre through a retail impact assessment and sequential test. These requirements will therefore be addressed through a further main modification to Policy E6, Eastleigh River Side (criterion 1. a. ii.).

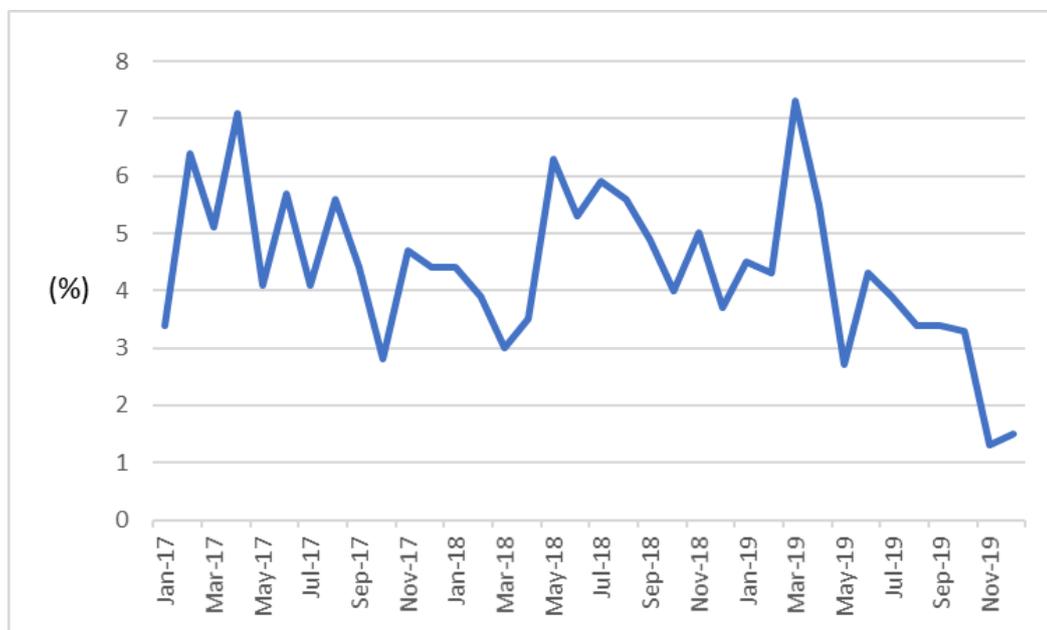
5.0 RETAIL AND LEISURE SECTOR GROWTH PRE COVID-19

26. Prior to the emergence of Covid-19 in Spring 2020, it was becoming apparent that the retail and leisure sector requirements were changing somewhat following the publication of the

Eastleigh Retail and Leisure Needs Study (Carter Jonas 2017). Whilst anecdotal on a localised scale in the case of Eastleigh Borough, trends more widely on a national level since 2017 have indicated that retailers require less floorspace (i.e. lower capacity requirements) with many wishing to consolidate their existing portfolio of stock. The reasons for this are explained through a number of factors such as the uncertain longer-term economic outlook with regards to Brexit and wider international economic slowdown, increased floorspace productivity and the continued growth in online shopping.

27. However, this has not prevented higher than forecast retail expenditure in the period following the publication of the Eastleigh Retail and Leisure Needs Study (Carter Jones 2017) prior to the emergence of Covid-19. With regards to comparison goods growth, Experian forecast that annual growth rates were recovering from a low of -3.1% in 2009, to a peak of +7.2% for 2014. It further stated that growth would fall in the immediate period following the Brexit referendum, to +1.4% in 2017 and +1.0% in 2018. It was further forecast that the average year-on-year growth for the period 2019-2023 would be +3%, increasing slightly to +3.2% between 2024 and 2035 (Eastleigh Retail and Leisure Needs Study Carter Jonas 2017).
28. The reality has been slightly different to that which was forecast in the period from the beginning of 2017 up to the latter part of 2019 as Figure 8 illustrates below. This shows that year on year retail spending recorded in terms of a year on year percentage change compared to the same month 12 months previously has been comfortably above +3% for many of the months shown between January 2017 and October 2019. The only notable exception has been a recorded lower year on year spending increase of 1.3% in November 2019 followed by a 1.5% year on year increase in December 2019.

FIGURE 8: TOTAL RETAIL SALES (VALUE – % CHANGE COMPARED TO SAME MONTH 12 MONTHS EARLIER FOR AMOUNT SPENT) – JANUARY 2017 – DECEMBER 2019



Source: ONS 2020

6.0 FORECAST AND ACTUAL GROWTH IN THE PROPORTION OF INTERNET SHOPPING PRE COVID-19

29. Internet shopping experienced long-term growth since the early 2000s and continues to grow in popularity. The Eastleigh Retail and Leisure Needs Study (Carter Jonas 2017) analysed the growth in internet shopping and special forms of trading (SFT)². Table 4 which is taken from the study shows the existing and then forecast market share of SFT as a proportion of total retail sales

TABLE 4: SFT'S MARKET SHARE OF TOTAL RETAIL SALES

| | 2016 | 2021 | 2026 | 2033 |
|--------------------|-------|-------|-------|-------|
| TOTAL | 14.9% | 18.2% | 19.7% | 20.7% |
| Comparison | 17.6% | 20.8% | 21.5% | 21.9% |
| Convenience | 10.1% | 13.0% | 15.4% | 17.1% |

Source: Appendix 3 of Experian Retail Planner Briefing Note 14 (November 2016) as referenced from the Eastleigh Retail and Leisure Needs Study (Carter Jonas 2017)

Note: this is for the retail study area zone and not just for Eastleigh Borough

30. It is stated in the Eastleigh Retail and Leisure Needs Study (Carter Jonas 2017) that such forecasts as with those shown in Table 4 need to be treated with caution, as according to Experian approximately 25% of all SFT sales for comparison goods and some 70% for convenience goods are still sourced through traditional ('bricks-and-mortar') retail space, rather than from 'virtual' stores and/or distribution warehouses. On this basis, Experian adjusted the SFT market shares downwards to reflect the proportion of internet sales sourced from existing stores as shown in Table 5.

TABLE 5: REVISED FORECAST GROWTH IN SFT'S MARKET SHARE OF TOTAL RETAIL SALES

| | 2016 | 2021 | 2026 | 2033 |
|--------------------|-------|-------|-------|-------|
| TOTAL | 9.6% | 11.7% | 12.7% | 13.6% |
| Comparison | 13.2% | 15.6% | 16.1% | 16.4% |
| Convenience | 3.0% | 3.9% | 4.6% | 5.1% |

Source: Appendix 3 of Experian Retail Planner Briefing Note 14 (November 2016) as referenced from the Eastleigh Retail and Leisure Needs Study (Carter Jonas 2017)

Note: this is for the retail study area zone and not just for Eastleigh Borough

31. Table 6 below shows the actual growth in internet shopping between 2016 and 2019. This data is compiled by the ONS and is published monthly. This shows that the proportion of internet sales steadily increased over the period between 2016 and 2019.

TABLE 6: YEAR ON YEAR INTERNET SALES AS A PERCENTAGE OF TOTAL RETAIL SALES (RATIO) (%)

| Year | 2016 | 2017 | 2018 | 2019 |
|-------------------|-------|-------|-------|-------|
| Percentage | 14.7% | 16.3% | 18.0% | 19.2% |

Source: ONS 2020 (2020) *data not directly comparable with Tables 4 and 5 above

² SFT - includes mail order and Internet shopping. Forecast growth in SFT is based on the year-on-year forecasts published by Experian Business Strategies in the most recent Retail Planner Briefing Note 14 (November 2016).

7.0 IMPACT OF COVID-19 UPON THE UK ECONOMY

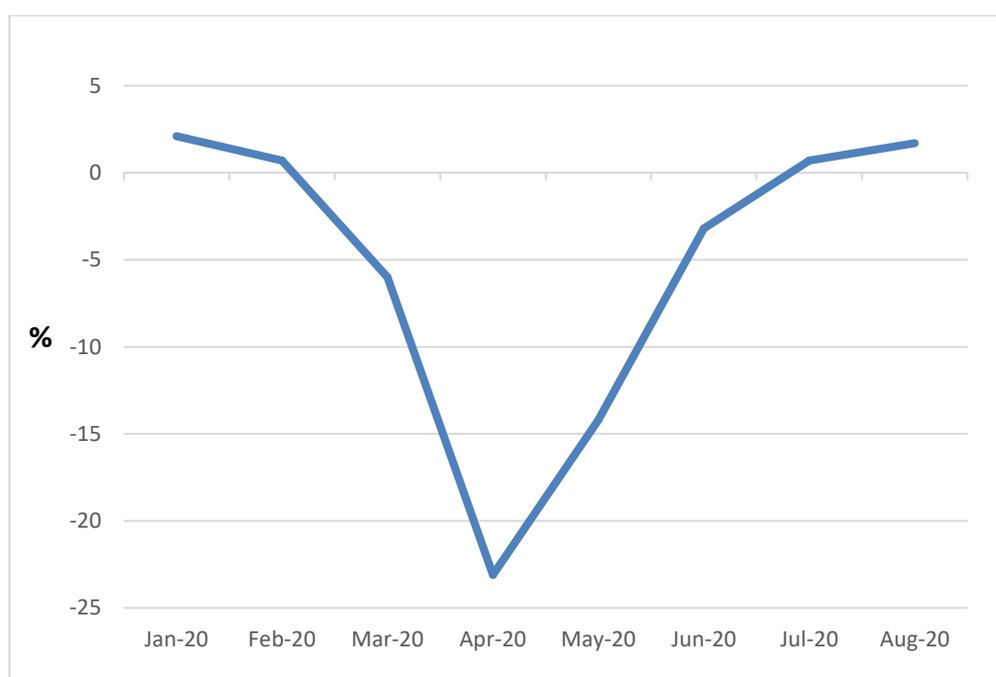
32. As part of assessing the capacity in Eastleigh town centre and the Borough's district centres for accommodating retail comparison floorspace needs, it is considered both reasonable and justified from a material planning viewpoint to provide further details of the latest economic trends, particularly those within the retail sector following the emergence of the Covid-19 pandemic.
33. The economic landscape has changed dramatically in the time following the conclusion of the Local Plan examination hearings. The nationwide lockdown which came into force on Monday 23 March has had an adverse impact upon the UK economy with the majority of shops, services and leisure operators remaining closed up until early July due to the ongoing public health emergency.
34. UK GDP subsequently experienced the sharpest decline on record with a fall of 19.8%³ between April and June 2020 (ONS 2020). This therefore means that the UK is currently in the middle of a deep recession with GDP having shrunk for the second successive quarter following a recorded 2.2% contraction for the January – March quarterly period. The ONS have further stated GDP has fallen to a level last recorded in June 2003. Therefore, the pandemic is responsible for wiping away at least 17 years of growth within a space of a few months. The economic fallout is likely to continue for some time with lasting impacts upon reduced investment, increased unemployment and reduced consumer spending likely to follow. Latest forecasts by leading economic experts are pointing towards an even bleaker picture and that growth may not return to pre-pandemic levels for at least 4 years.
35. ONS data suggests that the number of employees in the UK on payrolls is down around 730,000 compared with March 2020. Flows analysis suggests that the falls in May, June and July are mainly because of fewer people moving into payrolled employment. ONS survey data also shows that employment is weakening whilst unemployment is largely unchanged because of increases in economic inactivity, with people out of work but not currently looking for work. Hours worked have also continued to fall, reaching record lows both on the year and on the quarter and there are still a large number of people temporarily away from work, including furloughed workers (approximately 7.5 million in June 2020 with over 3 million away for three months or more). A large number (approximately 300,000 people) have also been away from work because of the pandemic.
36. The local level provides a similar outlook with survey data for Hampshire already showing some signs of a weaker labour market. Employment is also down whilst unemployment has remained effectively unchanged. Economic inactivity is also up on the year. However, the recorded working age unemployed claimant count in Hampshire (excluding Portsmouth and Southampton) (4.4%) is well below the rate for the UK (6.6%) and that for the South East region (5.4%) (NOMIS Official Labour Market Statistics October 2020).
37. With the furlough scheme set to finish at the end of October and with unemployment often being a lagging indicator in a recession, the longer lasting impacts upon the economy are likely to worsen before they improve. UK economists have further estimated that unemployment will rise from 3.9% to 9%.

³ Revised by the ONS from an initial recorded drop of 20.4%.

8.0 ECONOMIC IMPACT OF COVID-19 UPON THE UK RETAIL AND LEISURE SECTOR

38. The retail sector in particular has been subject to significant disruption since the lockdown came into effect on Monday 23 March with a reported year-on-year drop in retail sales of up to 23.1% between April 2019 and April 2020 at the current peak of the crisis (ONS 2020). Figure 9 below shows how retail spending recorded in terms of a year on year percentage change compared to the same month 12 months previously dropped sharply at an unprecedented rate following the emergence of Covid-19 and subsequent lockdown. Spending has recovered somewhat since April with a recorded year on year growth of 1.7% in August. However, significant uncertainty with consumer spending longer-term remains due to the wider economic impacts caused by the pandemic.

FIGURE 9: TOTAL RETAIL SALES (VALUE – % CHANGE COMPARED TO SAME MONTH 12 MONTHS EARLIER FOR AMOUNT SPENT) – JANUARY 2020 – AUGUST 2020



Source: ONS 2020

39. Whilst the longer-term impacts of the Covid-19 pandemic are currently uncertain, it is clear that the short-term disruption upon the retail sector has been unprecedented with a number of high street retailers cutting or announcing job losses. For example, M and S, Boots and WH Smith, have announced job cuts or the potential for job cuts and have stores located in Eastleigh town centre. Many nationally recognised chains have also entered or are at risk of going into administration. One notable exception has been the performance of the grocery market over the lockdown period, with strong online sales being recorded for the major supermarket chains which have an established online presence (ONS 2020).
40. Whilst many shops, services and leisure operators have since re-opened, a number are still closed due to the Government's furlough scheme with others remaining closed or only able to operate at a reduced capacity due to the continued public health risk and inability for social distancing to take place. One example is of Cineworld who are currently considering the temporary closure of all its UK cinemas due to the impacts of Covid-19.

41. The sharp fall in retail spending will undoubtedly have a short to medium term impact upon retailer demand whereby the strategy for many retailers is more likely to be based on survival, efficiencies and adaptation rather than expansion and investment.
42. The exposure of Eastleigh town centre and the Borough's retail centres more widely to a potential increase in store vacancies and job losses is not yet clear. However, the town centre as with many across the country is expected to be vulnerable to the adverse impact upon the retail sector as a result of the pandemic which along with the airline industry, has been one of the hardest hit sectors of the economy.
43. The picture of the lasting economic impacts upon Eastleigh town centre and the Borough's retail centres is likely to become clearer over the coming weeks and months particularly once the furlough scheme ends. The fluid situation with the pandemic and the growing threat of a second wave of the virus over the winter months also gives rise to further uncertainty about the likelihood of nationwide lockdown measures being re-introduced moving forward which would cause further economic disruption.

9.0 GROWTH IN THE PROPORTION OF INTERNET SHOPPING DURING COVID-19

44. Further to the figures provided in the Eastleigh Retail and Leisure Needs Study (Carter Jonas 2017) and the actual annual growth figures as shown in Table 6 above, it is also necessary to provide more recent data on internet sales over the seven months up until July.
45. Table 7 below clearly shows a sharp increase in internet sales which can be linked to the Covid-19 pandemic and the subsequent nationwide lockdown which commenced on 23 March. However, it is also clear that there has been a trend for online retail sales to increase above those projected in the Eastleigh Retail and Leisure Needs Study (Carter Jonas 2017) even before then, with a total of 20.1% of all retail sales made online in January 2020 with 21.4% of all retail sales made online in December 2019. By way of comparison, the Eastleigh Retail and Leisure Needs Study (Carter Jonas 2017) forecast a maximum of 20.7% of all retail sales constituting SFT by 2033 as shown in Table 4 and this was without taking account of a more realistic scenario as shown in Table 5 above. Whilst the data referenced in the Eastleigh Retail and Leisure Needs Study (Carter Jonas 2017) is not directly comparable with that published by the ONS, it does provide a strong indication in the direction of travel in terms of a sharper than forecast increase in internet sales.

TABLE 7: MONTH ON MONTH INTERNET SALES AS A PERCENTAGE OF TOTAL RETAIL SALES (RATIO) (%)

| Percentage | January 2020 | February 2020 | March 2020 | April 2020 | May 2020 | June 2020 | July 2020 | August 2020 |
|--------------|--------------|---------------|------------|------------|----------|-----------|-----------|-------------|
| TOTAL | 20.1% | 19.0% | 21.9% | 30.1% | 32.8% | 31.1% | 28.0% | 26.6% |

Source: ONS (2020)

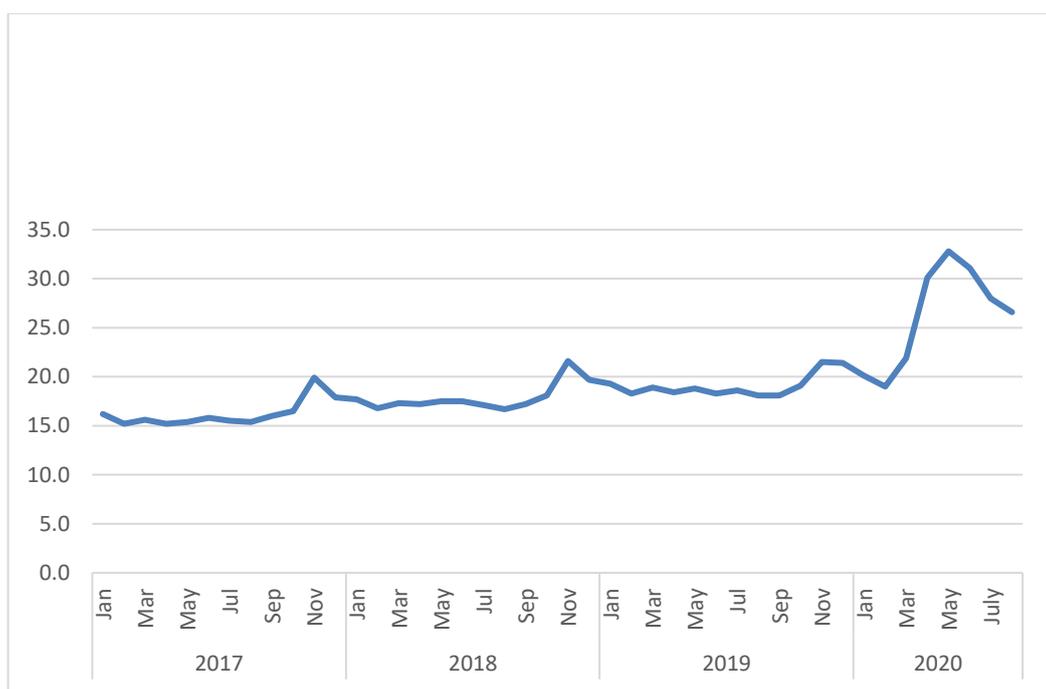
Note: Month on month internet sales as a percentage of total retail sales (ratio) (%)

46. It is therefore clear from Table 7 that the pandemic has further exacerbated the trend for online retail sales to increase further. By May 2020, a peak of 32.8% of internet sales as percentage of all retail sales was reached before dropping off slightly to 31.2% in June, 28.0% in July and 26.6% in August. Whilst the longer-term trend in online retailing is uncertain, it may be that a new normal is emerging and is likely to remain to some degree post pandemic. One of the lasting impacts could be for the proportion of online shopping to remain higher compared to pre-pandemic levels if not quite as high as the peak of 32.8%

reached in May. Such trends appear likely with supermarkets bucking the trend of rising unemployment through significant further investment in their online operations. It is necessary to point out that just a 1% increase in online retailing can have a significant impact upon new retail needs and the amount of built floorspace which is required because the 1% affects total trade across all floorspace.

47. Figure 10 below provides a further snapshot of how internet retail sales have grown at an exponential rate during the earlier stages of the pandemic well above expectations since the base year and forecasts of the Eastleigh Retail and Leisure Needs Study (Carter Jonas 2017)

FIGURE 10: INTERNET SALES AS A PERCENTAGE OF TOTAL RETAIL SALES (RATIO) (%)



Source: ONS (2020)

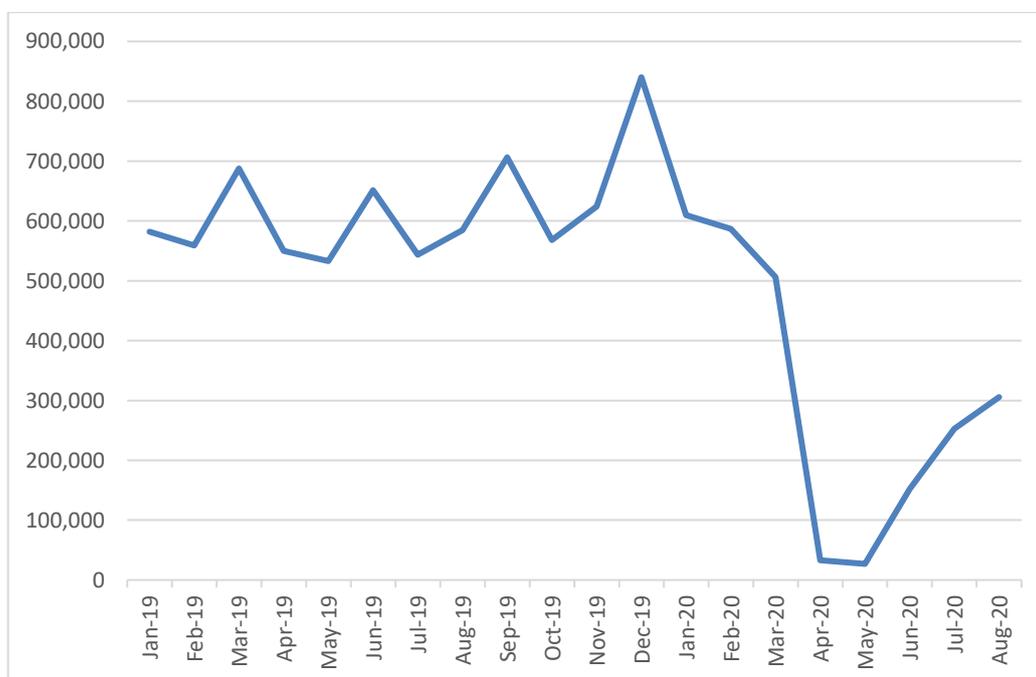
10.0 IMPACT OF COVID-19 UPON THE HEALTH OF THE BOROUGH'S CENTRES

48. Eastleigh Town Centre prior to the onset of Covid-19 was considered to be on a strong footing with a level of vacancies below the recorded national average of c.10%. The macro-economic climate is likely to have a significant bearing on the micro-economic picture with a reduced need for new retail floorspace and an increase level of retail vacancies likely.
49. The Details of Occupancy Background Paper (January 2020) provides details of vacancies in Eastleigh town centre for the Core Shopping Zone (7%), Core Leisure Zone (9%), primary shopping area (6%) and secondary shopping area (6%). A lower than average level of vacancies has also been recorded for the majority of the Borough's district and local centres and neighbourhood parades. More generally for the town and district centres across the Borough, the recorded level of vacancies has mostly remained below the national average each year since 2012.
50. It is difficult to measure at present what the lasting impact will be from the pandemic on the Borough's centres and the likely level of vacancies, particularly Eastleigh town centre as the Borough's main shopping destination. This is because a number of shops remain closed due

to the furlough scheme and in some instances, it is uncertain as to whether these will remain permanently closed or will open their doors for business again. The only notable shop closure to date has been the Next store in the Swan Centre. However, it is understood that the decision to close this store was not Covid-19 related but instead due to the expiry of a planning condition for the store to continue trading in the town centre following the approval of the out-of-town Next store in Hedge End. BrightHouse is another national retailer which closed its doors having gone into administration back in March. However, it is also understood that this was not directly related to the Covid-19 pandemic.

51. Whilst there doesn't appear to be much evidence of store closures directly related to the pandemic to date across the Borough, particularly in Eastleigh town centre, it is reasonable to assume that there will be some impacts both upon national and independent traders with regards to future store closures over the coming months with an associated increase in store vacancies. This will be particularly true for those businesses which will struggle to trade as normal once the furlough scheme ends and considered unviable for the purposes of the Government's recently announced Winter Economy Plan.
52. Figure 11 below shows a sharp drop in the footfall count which can be directly related to the Covid-19 pandemic. This would be in line with national trends whereby the peak drop in footfall was recorded between March and April 2020. Footfall has since recovered slightly in June through to August following the easing of lockdown restrictions which has seen the gradual reopening of shops, pubs, restaurants and other services that are no longer participating in the Government's furlough scheme. However, the recorded level of footfall in August 2020 is still way below the normal levels expected.

FIGURE 11: MONTHLY FOOTFALL SWAN CENTRE, EASTEIGH TOWN CENTRE



Source: Swan Centre total monthly retail figures (retail and leisure)

53. The Council made decision in June to close off High Street and Market Street to vehicle traffic for the purposes of enabling safer social distancing to take place. However, there is no footfall data available to date to assess the impacts of these road closures.

11.0 OVERALL CONCLUSIONS AND RECOMMENDATIONS FOR MEETING THE BOROUGH'S RETAIL COMPARISON FLOORSPACE NEEDS IN RESPONSE TO THE COVID-19 PANDEMIC

54. Economic experts have recently predicted that the economy will not bounce back to pre-pandemic levels for at least 4 years. Therefore, the identified needs in the retail study, including the lower figure of c. 6,000sq.m by 2027 which was agreed as part of the examination hearing discussions could now be questioned as being overly optimistic with numerous high street retailers now looking to consolidate their portfolio of physical floorspace over the short to medium term. This can now also be questioned with what can be described as a permanent flight to online retailing whereby just a 1% increase in the proportion of overall retail spend is likely to have a significant impact upon the need for physical retail floorspace.
55. Whilst it is hard to predict what the level of online retail spend will be post pandemic, it is reasonable to assume that the crisis has fast tracked the continued growth trends for online retail spend with many national retailers now being forced to adapt by making decisions on reducing the need for physical retail floorspace through planned store closures or through announcing significant job cuts. The sharp fall in the need for physical stores has indeed been a point raised by Lambert Smith Hampton in their recent analysis of retail trends. In further illustrating this trend, just 4m sq. ft of new retail floorspace is expected to be complete in 2020, this being significantly down from a peak of 22m sq. ft in 1999.
56. It is therefore suggested that the need for c. 6,000sq.m of retail comparison floorspace by 2027 is significantly reduced. As shown in the analysis above, there is the potential for accommodating at least c. 1,500sq.m of floorspace through existing vacancies in Eastleigh town centre and the Hedge End and Fryern district centres. It is also possible that the overall level of vacancies will increase as a result of the pandemic which would further help towards meeting the identified retail comparison needs. It is therefore considered important to focus needs in the first instance upon re-using any vacant floorspace in the town and district centres as part of a recovery strategy in response to the pandemic.
57. This combined with a fall in demand over the longer-term period from retailers for new stores (equating to new floorspace) due to the lasting impacts of the pandemic and because of the growth in online retailing would also mean that the expansion of the town centre to Barton Park may not be necessary or justified. However, as already pointed out above, this would not prevent the Council from supporting a policy at Barton Park for providing retail development providing it is meeting excess comparison needs to 2027 which cannot be met in the town or the district centres and that any proposal is supported by a retail impact assessment and sequential test. As noted, these requirements will be addressed through a further main modification to Policy E6, Eastleigh River Side (criterion 1. a. ii.). Otherwise, Barton Park is not considered to be an appropriately accessible location for accommodating an expansion of the town centre boundary.
58. Regardless to an alternative figure for retail comparison needs which could be factored into the 2016-2036 Local Plan, a reasonable approach would be to undertake a further assessment of retail needs through an early review of the Local Plan which fully takes account of the Covid-19 pandemic based on emerging post pandemic trends. Therefore, it could be argued the main focus over the short to medium term should be upon the existing built fabric of the town centre (and other centres where needed across the Borough) with an emphasis upon the regeneration of the existing retail stock should an increase in store vacancies arise. Such an approach will provide the Council as current and prospective landowner opportunities to bring forward regeneration for a wide range of town centre

uses. The Government's latest changes to the Use Class Order⁴ also provides a further justification of the need to be flexible to future retail, commercial and business needs and for maximising the use of the existing built fabric.

⁴ Currently subject of a legal challenge at the time of writing this paper