

Retail Topic Paper – Core Strategy Evidence Base

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1. Summary of Report

- 1.1 The purpose of this report is to present the findings of the GVA Grimley work and officer work on the assessment of future retail development within the city centre and sequentially preferable sites and to discuss the implications of the new Planning Policy Statement 4: Planning for Sustainable Economic Growth¹ on assessing future retail proposals. The report seeks to set out an evidence base to support the LDF regarding the strategic allocation of retail sites within the city in the context of the Core Strategy throughout the LDF period to 2029.

2. Context of Report

National Policy

- 2.1 The new PPS4 merges (amongst others) PPS4: Sustainable Economic Development with PPS6: Planning for Town Centres to consolidate national planning guidance on economic and town centre development. The Government's overarching objective is sustainable economic growth. The Government's objectives are to build prosperous communities by improving the economic performance of cities, sub-regions and regions, reducing the gap in economic growth rates between regions, delivering more sustainable patterns of development and promoting the vitality and viability of town centres.
- 2.2 New economic growth and development of main town centres should be focused in existing centres with the aim of offering a wide range of services to communities in an attractive and safe environment and remedying deficiencies in both provision and access to services. In planning for sustainable economic growth local authorities should set out a clear economic vision and strategy for their area which proactively and positively encourages sustainable economic growth identifying areas that should be prioritised for regeneration investment, having regard to the character of the area and the need for a high quality environment. Local authorities should seek to make the most efficient and effective use of land, prioritising pre-developed land which is suitable for re-use and locating developments which generate substantial transport movements in locations that are accessible (including by rail and by water where possible). The key changes proposed in PPS4 include:
- Keeping the important 'sequential test' that requires the most central town centre sites to be developed first;
 - Removing the 'needs test', in favour of a wider 'impact test' which is designed to give local authorities a better tool to measure the wider positive and negative effects of retail and other town centre related

¹ Planning Policy Statement 4: Planning for Sustainable Economic Growth, Communities and Local Government, December 2009.

- development including retail diversity, impact on town centre investment, scope for regeneration and job creation;
- An approach for local authorities to determine their own priorities through proactive and positive policies, underpinned by a robust evidence base; and
 - The removal of national car parking standards allowing local authorities to set local levels.

Local Policy: LDF Evidence Base – Retail

- 2.2 GVA Grimley were instructed by the Council to undertake a Retail Assessment for York which would provide a context for retail policies and proposals within the Local Development Framework, with particular reference to the amount of floorspace that needs to be allocated for future retail development and the broad recommended strategy with which to implement this. This report was reported to Members of the LDF Working Group in June 2008 and subsequently published as part of the LDF evidence base. For the remainder of this report this will be referred to as the 'York Retail Study'.
- 2.3 Given the conclusions in respect of quantitative capacity and physical constraints in York City Centre, outlined in more detail in the York Retail Study, it was deemed necessary to commission an independent review of the retail development potential of edge of centre/out of centre locations, including the York Central Site.
- 2.4 GVA Grimley were instructed by the Council to produce further retail advice to examine the physical capacity of the city centre sites and advise on the development potential of sites outside the city centre boundary and to assess whether a new retail quarter at York Central could fit and complement the existing city centre, with advice on the appropriate scale of comparison retailing.
- 2.5 GVA Grimley recognised that there is significant capacity for new comparison goods floorspace in York but the physical capacity of identified opportunity sites within and adjacent to the central shopping area are not sufficient to meet this level of projected future need. York Central was identified as the next sequentially preferable site beyond the central shopping area and the city centre boundary. GVA Grimley concluded that the York Central site is an out of centre location in retail policy terms. It is further than 300m from the Central Shopping Area² and is subject to the barrier of the railway line and the River Ouse. Grimley consider that there are limited opportunities to ensure seamless integration with the existing central shopping area and the site will therefore remain out of centre in retail policy terms.

² This performs the primary shopping role in the city centre with the strongest representation of national multiple retailers, most of which are located on Coney Street/Spurriergate and Parliament Street. This area benefits from strong national multiple retailers and leisure offer, high footfall and an attractive mix of buildings with a good pedestrian environment.

- 2.6 The promotion of Castle Piccadilly was identified as a policy priority, which would enhance the central shopping area, provided a scheme was underpinned and driven by enhanced linkages and connectivity with current shopping frontages. Grimley emphasised that such an outcome should be encouraged and protected through policy. Accordingly Castle Piccadilly is being promoted as a key development site within the Core Strategy and the City Centre Area Action Plan for a mixed used development with a significant element of retail. In partnership with LaSalle investment and the Council Centros are progressing the initial designs to re-develop the Castle Piccadilly site. Since Centros were formally selected as the Council's development partners in July 2009 they are working closely with the Council to devise a masterplan for the site in line with the Council's development brief for the site³. They will be engaging with the public later in 2010 through an extensive consultation process with the aim of achieving a high quality and sensitive development that will complement the historic setting and provide a strong customer attraction for the City Centre.
- 2.7 To inform the York Northwest development Grimley undertook three quantitative scenarios to test the potential implications and impact on the city centre of a 60, 40 and 20,000 sq m net comparison goods scheme on York Central – but only after the implementation of Castle Piccadilly. On the basis that York Central and Castle Piccadilly would continue to function as two separate shopping destinations, GVA Grimley considered the direct impact of York Central on York City Centre Central Shopping Area rather than considering the opportunity for a joint uplift in market share which would result if York Central was considered to form an extension to the CSA.
- 2.8 Following the initial results from the retail work GVA Grimley were instructed to undertake further work including testing a further more detailed retail development scenario for the York Central site presented by CBRE on behalf of Network Rail. This was more specific in terms of tenant line-up and mix of unit size to allow for a more detailed and thorough assessment of potential impact and to help in achieving the appropriate policy framework for York Northwest.

3. Issue 1: Market Share, Competing Centres and York City Centre Health Check

³ http://www.york.gov.uk/content/45053/64877/64880/494/Castle_piccadilly_pb

Market Share and Competing Centres

- 3.1 A threat to York identified in the York Retail Study is growing competition in the wider sub-region; the increasing strength of major out of centre retail destinations; and lack of space to offer to higher quality, variety and department store operators to make sure that the city centre can continue to compete effectively. It is evident from the Study that Monks Cross and Clifton Moor are taking a growing proportion of spend from the full spectrum of comparison goods⁴ categories including clothing and footwear. This has had a detrimental effect on the ability of York City Centre to retain its market share for these goods. In the York Retail Study the overall York catchment area was split into 20 zones. Appendix 1 includes maps to illustrate the overall York Catchment Area and also the three zones (Zones 1-3), which fall within the City of York Authority boundary. In terms of overall spend on comparison goods in York City Centre 49% comes from zones 1–3, 36% comes from zones 4-16 and 2% from zones 17-20. The remainder of spend comes from outside the catchment area.
- 3.2 As table 1 illustrates in terms of overall spend on comparison goods in the catchment area (zones 1-20) York City Centre is capturing 21% of total expenditure which compares to 8% captured by Clifton Moor, 5% by Monks Cross and 1% by York Designer Outlet. York City Centre captures the highest proportion of spend from zones 1-3 (within the CYC boundary) with between 44% and 52% of the overall spend on comparison goods for these zones going to York City Centre .
- 3.3 In these same York zones Clifton Moor takes between 15% and 21% of the comparison goods spend, Monks Cross between 4% and 13% and York Designer Outlet between 0.2% and 2%. Appendix 2 illustrates the market share for Monks Cross and Clifton Moor for total spend on comparison goods and also for clothing and footwear for each of the catchment zones in the York Catchment Area. Appendix 3 illustrates the market share of Monks Cross and Clifton Moor by type of goods in a map format.

Table 1: Comparison Goods Spend captured by York Retail Centres from Catchment Zones (1-20)

Centre	Total spend (£000s) on comparison goods from catchment area (zones 1-20)	% of total spend on comparison goods from catchment area (zones 1-20)
York City Centre	£402,435	21%
Clifton Moor	£150,570	8%
Monks Cross	£93,861	5%
York Designer Outlet	£12,140	1%
Total Catchment Zone	£1,948,782	100.0

⁴ Comparison retailing is the provision of items not obtained on a frequent basis. These include clothing, footwear, household and recreational goods.

- 3.3 In terms of spend on clothes, footwear and fashion goods (one category of comparison goods) the percentage of spend captured by Monks Cross is much higher than that at Clifton Moor (10% compared to 2% respectively) which reflects the concentration of 'high street' fashion retailers which are located at Monks Cross. Monks Cross is capturing a high proportion of spend in a number of the catchments zones, not just within the CYC boundary. In zones 4, 10, 11, 12, 15 & 16 it attracts over 20% of the spend on these goods which illustrates that Monks Cross is a strong competing choice for shoppers alongside other larger centres within the catchment area including Leeds, Harrogate and Hull. Overall York City Centre retains 32% of all spend on clothes, footwear and fashion goods within the catchment which is higher than the proportion for comparison goods overall.
- 3.4 York City Centre has experienced a decline in its overall catchment zone market share for comparison goods from 37% in 2001, to 31% in 2004 and 28% in 2007⁵ and Grimley concluded in the York Retail Study that a 'no-development' scenario would only accelerate this decline over the LDF period. In terms of the sub-regional context, the Study identified Doncaster, Harrogate, Hull, Leeds and Darlington as the main centres competing with York. Major development proposals in Leeds, Hull, Darlington and Harrogate are likely to further enhance their market shares and the proportion of spend they capture from York's catchment area and also improve their positioning in the sub-regional retail hierarchy to the detriment of York's market share⁶.
- 3.5 As table 2 (Appendix 4) illustrates York City Centre captured 21% of all spend on comparison goods in the York catchment area (zones 1-20) in 2007. Harrogate captures the second highest share with 7% of all spend and Leeds City Centre the third highest share with 3%. Logically the competing centres capture the highest proportion of spend in the catchment zones, which are closest to the centre. This is certainly the case with Leeds City Centre which captures 21% of the spend on comparison goods in zone 8 (higher than York city centre at 7%). Zone 8 is located to the west of the City of York boundary and includes Tadcaster and Wetherby (see Map, Appendix 1). Harrogate captures a significant proportion of spend in zones 9 (13%), 19 (12%) and 20 (36%). Zone 9 is located directly to the west of the CYC boundary and includes the Boroughbridge area. Zones 19 and 20 are located further to the north west of the catchment area and include the Ripon and Harrogate area.

⁵ This is based on zones 1-16 of the catchment area to allow direct comparison with the previous Retail Studies undertaken in 2001 (CB Hillier Parker) and 2004 (Roger Tym & Partners). The overall market share for York City Centre for comparison goods across zones 1-20 is 21% in 2007.

⁶ Appendix 4 illustrates the market share of competing centres within the sub-region for overall comparison goods spend and spend on clothes, footwear and fashion goods. Appendix 5 shows the market share of sub-regional competing centres for comparison goods and clothes, footwear and fashion goods in map format.

- 3.6 In terms of spend on clothes, footwear and fashion the greatest competitors to York City Centre are Harrogate (14%), Monks Cross (10%) and Leeds (6%). These proportions are slightly higher for these types of goods than for the overall spend on comparison goods.
- 3.7 The competing centres in the sub-region are likely to draw a growing proportion of York city centres market share for comparison goods through new development schemes in the pipeline⁷. If York City Centre does not enhance its retail offer to continue to compete with other regional centres then there is a risk that its share of expenditure will continue to decline as has been experienced in the past ten years and this could impact on the vitality and viability of the city centre.
- 3.8 Hull City Centre has expanded significantly since the time of the Retail Study with the St Stephens development now completed and trading. This has added around 30,000 sq m of comparison goods floor space to the city centre (322,500 sq ft) with retailers such as Next, H&M, Zara and Topshop, a 10,000 sq m (107,500 sq ft) Tesco, a new transport interchange and a cinema along with other leisure and restaurant uses. The development created around an extra £700m spend in the first 4 months of opening and has attracted around 7,000 extra shoppers to the city centre each day. Outline consent has also been granted for the Princes Quay/Quay West development, which is included within the Hull City Centre Masterplan and is being brought forward by 'Hull Forward'. Indicative plans show an additional 60,000 sq m (645,000 sq ft) of retail space and the scheme is expected to be complete towards the end of 2012. Both the St Stephens development and the Quay West development will significantly expand Hull City Centre's retail offer and are likely to attract more shoppers from a wider catchment area including York and the surrounding area, particularly to the east of the city.
- 3.9 Leeds City Centre has major re-development schemes in the pipeline including the Trinity Quarter scheme, which will add around 93,000 sq m (1 million sq ft) of retail floorspace to the city centre. Latest estimates are that work will start on site in late 2010 with a revised completion date of October 2012. The Eastgate Quarters is a major retail and leisure scheme planned for the city centre adjacent to the Victoria arcade, which will significantly extend Leeds retail quarter. In total the scheme will add 116,300 sq m (1,250,000 sq ft) of retail, leisure and restaurant floorspace including two department stores (to include John Lewis flagship store and full offer Marks and Spencer), 10 flagship units and 180 retail and restaurant units. Planning permission was granted in February 2007 and the 1st phase of enabling work has been completed. The scheme is expected to be completed by end 2012 / Spring 2013. Both these schemes will add a significant amount of retail

⁷ Appendices 6 and 7 illustrate a number of retail schemes in competing centres that have either been completed or are in the pipeline for completion in the next couple of years.

floorspace to Leeds City Centre and the new anchor stores are likely to attract shoppers from a wide catchment area. At present Leeds City Centre attracts 3% of spend from the York catchment area for overall comparison goods and 6% for clothing and footwear. This significant planned expansion of Leeds City Centre of over 209,300 sq m (2,250,000 sq ft) could impact more greatly on York in terms of competing for shoppers particularly towards the west area of York.

- 3.10 There are also schemes in the pipeline in the smaller centres of Darlington and Harrogate. The Oval scheme in Darlington town centre has full planning permission but has been delayed due to the recession. The developers have re-confirmed their commitment to the scheme and hope to start work early in 2011 with completion towards the end of 2012. The scheme will add 22,100 sq m (237,500 sq ft) to Darlington town centre and will include a Debenhams department store, a flagship Next store and a 9 screen Vue cinema. Harrogate are planning through their adopted Core Strategy for significant expansion of their comparison goods floorspace over the LDF period and have identified sites at the Station and also at West Park / Dragon Road.
- 3.11 In addition to competition from the wider sub-region a number of major retailers that are represented within York city centre (including Debenhams, Marks and Spencer, H&M and Next) have already made the choice to locate in out-of-centre locations given the limited opportunity for large-scale expansion or re-location of their stores in the existing city centre. A number of these retailers including Debenhams, H&M and Marks and Spencer have located at Monks Cross since the time of the Retail Study so it is likely that the market share particularly for clothes, footwear and fashion that Monks Cross captures from the catchment area will have increased above the 2007 level of 10%.

York City Centre: Health Check

- 3.12 Drawing on the health check analysis undertaken as part of the York Retail Study Table 1 in Appendix 8 summarises the key strengths and weaknesses of York City Centre demonstrating the opportunities and threats to York over the LDF period.
- 3.13 York is an attractive and vibrant retail destination with a high quality urban environment and considerable historic and architectural heritage, which greatly benefits the tourism industry and attracts shoppers to York who are attracted by the unique environment. There is a good range of major mainstream multiple retailers in York, as well as numerous special interest, independent local shops that contribute greatly to the distinct individual character of the area and provides York with a differentiated retail offer helping it to compete more effectively with other centres in the sub-region. At the time of the Study there was evidence of a large catchment area for York City Centre, long distances travelled and long stay times. Appendix 9 illustrates in map format the current city centre retail offer in terms of the department

stores, mainstream multiple retailers and independent clusters along with the current primary shopping frontages, retail circuits, the current central shopping area boundary and the footstreets.

- 3.15 In terms of weaknesses highlighted in the health check the York Retail Study concluded that in order for York to retain its strength as a retail centre and to maintain its market share of expenditure in the catchment area, it is crucial that new modern retail space is introduced. This will attract a broader range and quality of multiple retailers and in particular a large department store anchor to trade alongside and mutually benefit the already strong and unique attractor of the independent retail sector. The difficulty is that whilst the historic centre is one of York's key strengths it also presents physical barriers to expansion and the provision of large, modern floorplates. This lack of space has already encouraged a number of key retailers such as Debenhams and Next to offer larger range stores in out of centre locations.

Key Conclusions – Market share, Competing centres and Health Check

- 3.16 York City Centre is an attractive and vibrant retail destination with a high quality urban environment and considerable historic and architectural heritage which greatly benefits the tourism industry. There is a good range of major mainstream multiple retailers in York as well as numerous independent shops that contribute greatly to the distinct individual character of the City Centre and helps York to offer something different to other centres in the sub-region helping it to compete more effectively.
- 3.17 The greatest threat to York City Centre is the continuing expansion and enhancement of other centres in the sub-region, including those within the York boundary, which is starting to impact on the proportion of spend within its Catchment Area that York City Centre can capture. York City Centre's market share has declined from 37% in 2007 to 31% in 2004 and 28% in 2007 (based on zones 1-16 of the catchment area). In order for York to compete more effectively and to maintain its market share it is crucial that new modern retail space is created to attract a broader range and quality of multiple retailer to trade alongside the strong independent sector. This multiple offer is key to attracting strong footfall levels which helps to support the independent offer.
- 3.18 The key aim through the Core Strategy should be to support the vitality and viability of the city centre and to meet local shopping needs.

4. Issue 2: Future Capacity Projections and the Impact of the Recession

- 4.1 The York Retail Study identified sufficient capacity to support further comparison goods floorspace in York city centre and the City of York

area overall by virtue of growth in population and available expenditure. The study estimated that for the City of York area, based on current market shares for comparison goods (28% for York City Centre from zones 1-16) there would be potential capacity to support an additional 9,245 sq m (100,000 sq ft) net by 2012 increasing to 31,361 sq m (337,000 sq ft) by 2017, 56,524 sq m (605,000 sq ft) by 2022 and 95,742 sq m (1,000,000 sq ft) by 2029. This represents a 'baseline' scenario, which assumes no change in available expenditure attracted to York city centre through to 2029. This would assume therefore that any improvements to the city centre from new development would be exactly matched by improvements in other centres such as Leeds and Hull.

4.2 Further potential growth scenarios were undertaken in the York Retail Study to review the capacity for additional floorspace based on new development coming forward and York city centre consequently enhancing its market share above the baseline of 28% in its catchment area (zones 1-16). Two additional scenarios were undertaken assuming an increase in market share to 31% (scenario 2) and 34% (scenario 3) based on an increased share of expenditure being attracted to York City Centre as a result of new development. Table 2 below illustrates the differing potential additional floorspace, which could be supported in York, based on the three scenarios.

4.3 The Study emphasises that the extent to which the Council should seek to 'claw-back' potential spend in the catchment area is a policy choice to be made through the LDF process. The capacity for new development in all scenarios arises from the performance of both York City Centre and the out of centre retail destinations of Monks Cross, Clifton Moor and York Designer Outlet. The location and implementation of this capacity should be subject to the sequential test and impact test set out in PPS4, guided by York's development opportunities and overall retail strategy for the LDF period. The Study concluded that it could be possible for York to achieve a 34% market share depending on the location, scale and quality of the development.

Table 2: Comparison Goods Capacity Forecasts (sq m net) – York Retail Study (June 2008)

Scenario	2012	2017	2022	2029
Baseline scenario (28%)	9,245	31,361	56,254	95,742
Scenario 1 (31%)	9,562	32,768	58,859	100,190
Scenario 2 (34%)	10,418	35,127	62,907	106,927

Source: York Retail Study, GVA Grimley, 2008

The impact of the recession

- 4.3 In light of the economic downturn there is clearly less growth in available expenditure within York’s catchment area compared to that forecasted in the York Retail Study. Previously a consistent forecast growth rate of 3.8% per annum was incorporated for comparison goods, but based on advice from national forecasters, Grimley have updated the quantitative model. To reflect the current economic climate, comparison goods rates of 3.8% (2005-2008); 0.3% (2008-2011); 2.5% (2011-2016) have been used, followed by a more optimistic 4.6% ultra long term trend growth rate. Grimley consider this to be a balanced approach, incorporating conservative growth in the short term but factoring more optimistic growth in the longer term. They consider that this approach encourages positive long term planning for centres.
- 4.4 The evidence and proposals in the York Retail Study are based on a long-term view to 2029 within which fluctuations would be expected. The capacity projections use an ultra long-term trend which is cautious and well below the levels of growth in the last years of the boom. The short-term forecasts may be more optimistic depending on the depth and length of the recession but by 2016 growth may well have ‘caught-up’. Projections of future floorspace are not specific targets but aim to provide a broad guide based on the best information available at the time prepared. A future review of forecasts to take account of actual change is important and should be timed approximately every five to seven years.

Capacity Forecasts: Update

- 4.5 In light of the economic climate Grimley have updated the baseline capacity projection set out in the York Retail Study factoring in the revised comparison goods growth rates. Based upon this update, it is evident that there will still be capacity to support further comparison goods floorspace by virtue of growth in population and available expenditure within the catchment area. This is set out in detail in tables 1-4 (Appendix 10) and summarised in Table 3 below.

Table 3: Revised Comparison Goods Capacity Forecasts (sq m net) – Impact of recession on growth rates

Scenario	2012	2017	2022	2029
Revised Baseline scenario (28%)	5,491	23,731	56,348	106,664
Difference to original baseline scenario	-3,754	-7,624	94	10,922

** The revised growth rates are 0.3% per annum 2008-2011, 2.5% p.a. 2011-2016 and 4.6% p.a. from 2016 onwards.*

- 4.6 In the period from now up to 2022 the capacity figures in the update are lower than the previous study as a consequence of lower growth

rates than the previous 3.8% growth per annum⁸. The available capacity to 2017 reduces by 7,624 sq m net to 23,731 sq m net. This would mean that there would be enough available capacity to support a scheme of circa 24,000 sq m net at Castle Piccadilly by 2017 (based on levels of retail space similar to the Land Securities proposals) with additional floorspace available by 2022 and 2029.

- 4.7 It is evident that from 2022 onwards the capacity figures in the update are greater than the previous study as a consequence of the higher 4.6% ultra long term trend used, rather than the 3.8% growth per annum used in the earlier report. The ultra long-term trend takes into account the 'booms and busts' between 1967-2007 and therefore provides a good indication for forecasting over the longer time period, i.e. 2022 and beyond. In total by 2029 the revised capacity figures project available capacity of 106,664 sq m net.

Key Conclusions – Capacity Projections and the Impact of the Recession

- 4.8 A target was set in the Preferred Options Core Strategy to aim for a 34% market share for York City Centre with the aim to claw back market share, which is leaking, to other regional competitors. This target was based on the scenario 2 modelling work undertaken by Grimley in the original York Retail Study.
- 4.9 In terms of the Core Strategy Preferred Options consultation there was a range of view and opinions regarding the future growth of retailing in York. Some respondents felt that seeking to increase the market share of York to 34% was too high in the current climate and that it would be unsustainable, at the expense of the historic buildings, lead to higher vacancies and issues of transport capacity. In addition they thought that an obsession with increasing market share can obscure the fact that failure to increase market share does not necessarily preclude the existence of a vibrant retail sector.
- 4.10 Other respondents thought that a 34% market share target was too cautious and that we should aim for a higher market share of at least 37%. A higher market share was felt to be more appropriate because there are current inadequacies in retail provision in York, competition from other locations in the sub-region, it is more sustainable to achieve higher growth and trade retention and that we should be aiming to enhance York's position in the region.
- 4.11 It is recommended that the Core Strategy Retail policies should no longer include an objective to increase York's market share to a set target of 34% and should instead be based on the need for York City Centre to remain vital and viable and to provide for local need rather than its relative performance against other centres. By focusing development and

⁸ 0.3% pa 2008-2011 and 2.5% 2011-2016

investment on the City Centre the market share will in turn increase as York becomes more competitive with competing retail destinations.

5. Issue 3: What is the Capacity of the existing City Centre to accommodate development – The Sequential Approach to Development

5.1 The York Retail Study identified a strong qualitative and quantitative need for additional comparison goods floorspace. In accordance with PPS4 the ability of all potential development opportunity sites in the City Centre to accommodate the identified capacity should be thoroughly assessed before less central sites are considered. It is a policy requirement to assess whether sequentially preferable sites, i.e. those in the Central Shopping Area, are able to accommodate identified levels of capacity in advance of less central sites. The York Retail Study identified and assessed the potential of a number of development opportunity sites both within and adjoining the Central Shopping Area. The individual sites are discussed in more detail in the York Retail Study but table 4 shows the physical and practicable ability of these sites to accommodate identified levels of comparison goods.

Table 4: Development Opportunity within Central Shopping Area

Site	Policy Designation	Approximate Comparison Goods Floorspace Potential
Castle Piccadilly	Edge of Centre	24,000 sq m net
Hungate	Edge of CSA (See Note A)	No net additional floorspace (See Note B)
Stonebow House	Edge of CSA	1,140 sq m net
Telephone Exchange	Edge of CSA	2,800 sq m net
Fossgate	CSA	No net additional floorspace
Goodramgate	CSA	No net additional floorspace
River Frontage	CSA	No net additional floorspace
Units on junction of Museum Street and St Leonard's Place	Edge of Centre	Not suitable or viable
Land West of River Ouse between Micklegate and All Saints Church (North Street)	Edge of Centre	Not available or viable
TOTAL FLOORSPACE POTENTIAL:		27,940 sq m net

Note: A - CSA = Central Shopping Area.

B – No additional comparison goods floorspace potential. Developer is implementing an agreed scheme. Committed retail floorspace has been included within capacity forecasts.

5.2 Castle Piccadilly is the key development opportunity site in York City Centre, which has a sufficient site area to implement an appropriate scale of development, which will provide new modern retail units, anchored by a department store. The Castle Piccadilly area is

recognised as being of strategic importance to the future of the City Centre, offering the opportunity to add to the quantity and offer of retailing within the central shopping area. Development of the site will contribute to the vitality and viability of the city centre and will provide the opportunity to create a high quality mixed used development including public open space and to create an appropriate setting for the adjacent important historic buildings.

- 5.3 The site has the potential to form a seamless integration and extension to the existing primary shopping frontages. Castle Piccadilly is identified as a major development opportunity in the York Core Strategy⁹ and is identified as an opportunity area in the City Centre AAP Issues and Options with potential to enhance the unique historic setting of the area whilst also creating a development that delivers a commercial boost to the city. Castle Piccadilly is a sequentially preferable site in policy terms and for the purpose of this assessment it has been assumed that the site can accommodate 24,000 sq m net of comparison goods floorspace. It is recommended that the site should continue to be supported as a priority site to extend the central shopping area as identified in the York Retail Study¹⁰.
- 5.4 A mixed-use scheme on Hungate was granted permission in July 2005. The scheme includes 4,155 sq m net (44,666 sq ft) of comparison goods floorspace (included as a commitment in the Retail Study and capacity forecasts identified are over and above this development). Whilst this will bring improvements to the city centre it will not fully meet the need for major comparison goods retailing to enhance and strengthen market share.
- 5.5 Stonebow house and the Telephone Exchange have the potential to accommodate 1,140 sq m net and 2,800 sq m net of comparison goods floorspace respectively, based on ground floor retail only. These are approximate figures based on 60% of the external boundary line. Stonebow House lies directly adjoining the primary shopping frontage on Colliergate and the Hungate development on the other side. Stonebow House is currently occupied by Jorvik Café (A3), Coral Betting (A2), Job Centre Plus (A2), Fibbers Public House (Sui-generis), the Duchess nightclub (Sui-generis) and the NPC Car park. Grimley conclude that this is an appropriate location for re-development to provide a mixed use retail led development and that this approximate level of capacity (1,140 sq m / 12,255 sq ft) should be ring-fenced through policy as a sequentially preferable site. The site is included within the City Centre Area Action Plan as a potential re-development opportunity and extension to the Central Shopping Area.

⁹ Local Development Framework Core Strategy – Preferred Options, June 2008, City of York Council.

¹⁰ ‘Castle Piccadilly is the first priority major development opportunity site in York City Centre. The site is located within the city centre boundary and forms a natural extension to the existing core central shopping area and adjoins the key concentration of national multiple retailers within the primary shopping frontages. It is the most centrally located and consequently sequentially preferable (major) site within the city centre’, Para 11.64, City of York Retail Study 2008, GVA Grimley.

- 5.6 The Telephone Exchange lies adjacent to Stonebow House and would form a natural extension to the site although technical difficulties in moving telephone equipment could make redevelopment a long and expensive option. A number of these types of sites have come forward across the UK and Grimley recommend that the site should remain a potential redevelopment site over the LDF period. The Hungate Planning Brief acknowledges both Stonebow House and the Telephone Exchange and considers them to be appropriate for the potential extension of the Hungate site and an appropriate 'area of search' for retail development following 2011.
- 5.7 Fossgate, Goodramgate and the river frontage along Coney Street/Spurriergate are identified in the York Retail study as general improvement areas and are not site specific re-development sites. Little opportunity for a net increase in comparison retailing is identified on Fossgate, but it is recognised as an improving leisure/evening economy destination. Fossgate is a very popular destination for restaurants and a mix of independent retailers. The potential for Fossgate to become a footstreet at day/and or night is included as a potential project in the City Centre Area Action Plan (CCAAP) and forms part of the Heart of the City Area for Change.
- 5.8 Again, Goodramgate is not identified in the Retail Study as having potential for major comparison retailing, although the Study does consider that there are smaller opportunities for infill development and potentially for a new small-scale food store. Goodramgate is home to a variety of multiple and independent retailers and also has a vibrant evening economy with a number of restaurants and bars that causes conflict between pedestrians and traffic outside footstreet hours. Goodramgate is identified as a 'Gateway Street' in the CCAAP with the potential to create an evening footstreet and/or improve crossing points and pavements.
- 5.9 The River frontages are identified for enhanced leisure opportunities such as cafes, restaurants and small ancillary shops. Lendal to Ouse Bridge Riverside is identified as a potential project in the CCAAP as an opportunity to consider the better use and appearance of the riverside areas including the extension of the Boardwalk/City Screen area and access from Coney Street as well as potential to improve the public use and appearance of the opposite bank.
- 5.10 Land to the west of the River incorporates a relatively large area compared to the other small scale and infill sites identified above. The area does however include two churches, two hotels and offices. Even with Compulsory Purchase Powers Grimley consider that the site would be unviable to deliver a major comparison retail development given restrictions to the built environment.

- 5.11 On this basis, Grimley identified physical capacity within and adjoining the Central Shopping Area to accommodate around 27,940 sq m net of comparison goods retail floorspace over the LDF period. This figure is slightly higher than the identified capacity at 2017 of 23,731 sq m net (Revised baseline scenario – existing market share).. At 2022 there is identified capacity of 56,348 sq m in the baseline scenario. This would leave a potential residual capacity of 28,408 sq m net of comparison goods floorspace, which can't be delivered, within the sequentially preferable Central Shopping Area. Grimley concluded in the York Retail Study therefore that it would be appropriate to look beyond the CSA in order to meet the identified need over the LDF period.

Key Conclusions – The Capacity of the City Centre to accommodate Future Development

- 5.12 Castle Piccadilly is a sequentially preferable site in policy terms and for the purpose of this assessment it has been assumed that the site can accommodate 24,000 sq m net of comparison goods floorspace. It is recommended that the site should continue to be supported as a priority site to extend the central shopping area as identified in the York Retail Study. In addition to this opportunities for the re-development of Stonebow House and the Telephone Exchange should be explored and given policy priority given their locations directly adjoining the Central Shopping Area and primary retail frontages. These sites would add a further 3,940 sq m net of capacity to the City Centre.
- 5.13 There is enough projected floorspace capacity to support these city centre opportunities by 2022 based on the existing market share of York City Centre (28%). By 2022 in addition to these identified priority sites there will be residual capacity of an additional 28,408 sq m net of comparison goods floorspace which can't be delivered within the sequentially preferable Central Shopping Area. In line with PPS4 there is a need to consider how much further retail floorspace could be accommodated in the York area without having an unacceptable impact on the city centre.

6. Issue 4: What should the role of York Central be and how does it fit with the Sequential Approach to Development?

How does York Central fit with the Sequential Approach to Development?

- 6.1 Under Policy EC3 (Planning for Centres) of PPS4 Local planning authorities should as part of their economic vision for their area set out a strategy for the management and growth of centres over the plan period. As part of this policy framework LPA's should encourage, where appropriate, high density development accessible by public transport, walking and cycling, define a network and hierarchy of centres to meet the needs of the city and set floorspace thresholds for the scale of edge

and out of centre development which should be subject to an impact assessment under (EC16.1).

- 6.2 York Northwest (including the York Central and British Sugar sites) is the largest and most significant regeneration project in the York area and its delivery is essential to meeting the Core Strategy vision. Economically it will allow York to fulfil its regional and sub-regional role and to provide an opportunity for York to accommodate and significantly expand the range and quality of its office accommodation. The site is identified in the Core Strategy as an opportunity for developing a new office quarter in a highly sustainable location with excellent transport links both regionally and nationally. The new office quarter could provide between 87,000 to 100,000 sq m of B1(a) office space equating to 45% of the total need to 2029. The area also has the potential to make a significant contribution to meeting the City's need for homes, within the wider context of creating sustainable neighbourhoods, and could have a key role in enhancing York's commercial, leisure and tourism offer as part of a new urban quarter.
- 6.3 The office element of York Central accommodates 45% of the required Core Strategy B1(a) office growth. This quantum was explicitly linked in the Entec study to accommodating the needs associated with growth and niche clusters and sectors of the cities economy. This will maximise the benefits of links with the knowledge driven science city agenda, and the university expansion; enabling the city to better foster, retain and grow its unique knowledge based resources. The quantum and type of overall office requirements anticipated to be met on this single site makes York Central absolutely critical to the delivery of the cities short, medium and long term economic growth. The designation of York Northwest (British Sugar site) as part of the city region Urban Eco-Settlement agenda, will channel additional investment into the development, and will facilitate the development of a local skill base in emerging eco-technologies.
- 6.4 In addition to excellent existing sustainable transport integration, development at York Central could facilitate a range of sustainable transport interventions to improve accessibility, including local and city wide transport interchanges, new and expanded Park and Ride facilities, improved and new local bus services, behaviour changing technologies, and a regional tram train route. These interventions could only be facilitated in whole through the successful delivery of a viable York Central development. In terms of other infrastructure of wider economic benefit, it is anticipated that York Central will act as a catalyst for and contribute towards wider transport infrastructure provision within the city. There is also an opportunity to implement cutting edge communication technologies within the new Central Business District (CBD), which will be of wider economic benefit.
- 6.5 The York Central site is considered to be an out of centre location in retail policy (PPS4) terms. In line with the definitions set out in Annex B of PPS4 to be considered an edge of centre location for retail purposes a

site must be well connected to and within easy walking distance (i.e. up to 300 metres) of the primary shopping area. PPS4 states that in determining whether a site falls within the definition of edge-of-centre, account should be taken of local circumstances including local topography which could affect pedestrians' perceptions of easy walking distance from the centre and other barriers such as crossing major roads, the attractiveness and perceived safety of the route.

- 6.6 The York Central site currently lies approximately 500m from the edge of the Central Shopping Area by the closest existing pedestrian route (see Map 1, Appendix 11). Although York Central lies beyond the CSA and does not have a continuous relationship with the existing primary shopping frontages the site does fall within the core of the York urban area, overlapping with the City Centre boundary and adjoining the heart of the commercial and built up city centre with excellent proximity to the Railway Station.
- 6.7 Policy EC5 of PPS4 (Site Selection and Land Assembly for Main Town Centre Uses) states that local planning authorities (LPA's) should identify an appropriate range of sites to accommodate the identified need subject to an acceptable level of impact on existing centres. An apparent lack of sites of the right size and in the right location should not be a reason for LPA's to avoid planning to meet the identified need for development. The approach to allocating sites should be based on the identified need for development, should identify sites for the appropriate scale of development, ensuring that the scale of the site identified and the level of traffic generated is in keeping with the role and function of the centre, should apply the sequential approach to site selection, assess the impact of sites on existing centres and should also consider the degree to which other considerations such as regeneration benefits, employment benefits, increased investment and social inclusion may be material to the choice of appropriate locations for development.
- 6.8 Under policy EC5.2 (PPS4) the following order is identified for selecting sites:
 - a) Locations in appropriate existing centres where sites or buildings for conversion are, or are likely to become, available within the plan period
 - b) Edge-of-centre locations, with preference given to sites that are or will be well connected to the centre
 - c) Out-of-centre sites, with preference given to sites which are or will be well served by a choice of means of transport and which are closest to the centre and have a higher likelihood of forming links with the centre.
- 6.9 In policy terms York Central falls under criterion (c) of policy EC5. The site is within the existing city centre boundary and has the highest likelihood of forming links with the existing city centre. The York Central site scores well with its location next to the main York Rail Station and in close proximity to existing bus services, together with the ability to

provide pedestrian and cycle links to existing and new residential areas ensuring that York Central would be well served by sustainable transport. The site is also sufficiently close to the city centre (approx 500m) for it to be well linked through improved pedestrian and cycle routes. York Central is sequentially preferable to other retail concentrations elsewhere in York beyond the urban area, notably freestanding food stores and Monks Cross and Clifton Moor Retail Parks, which are located in out-of-town locations further removed from the centre and have much less likelihood of forming links with the centre.

What is the scope for retail development on the York Central Site?

6.10 Grimley recognised in the York Retail Study that there is capacity for new comparison goods floorspace in York and that the physical capacity of identified opportunity sites¹¹ within and adjacent to York's Central Shopping Area (CSA) are not sufficient to meet the total projected level of capacity for additional retail floorspace. York Central was identified as the next preferable site beyond the CSA.

6.11 It is important to note that the out-of-centre policy position of York Central is based on distance from the CSA and the ability of connectivity is determined primarily on current land uses. It is clear that York City Centre has a tightly constrained historic physical environment with little or no room for further expansion. Future development options and the overall spatial strategy being developed through the LDF is aimed at being visionary and enabling the growth and change of York up to at least 2029. The objective to enhance linkages and connectivity from York Central through to the Central Shopping Area and the rest of York City Centre underpins this strategy and is a key component in both the City Centre Area Action Plan and work on the York Central Supplementary Planning Document (SPD).

6.12 The York Central site is recognised as a regionally significant investment priority , which will play a key role in developing the economy of York. York attracts significant numbers of visitors (7m visitors per annum with 15% of these from overseas). A large proportion of these visitors arrive by train into York Railway Station and therefore there is an excellent opportunity to facilitate linked trips between the existing Central Shopping Area and York Central from an already strong footfall between the Station and the historic core of the city centre.

6.13 York Central is identified a one of the six Areas of Change within the Draft City Centre Area Action Plan (See Appendix 11) and is identified as a major area set for regeneration. A key issue for the CCAAP will be how

¹¹ The Retail Study identified the following potential development opportunity sites within and adjoining the York City Centre Central Shopping Area: Castle Piccadilly; Hungate; Stonebow House; Telephone Exchange; Fossgate; Goodramgate; River frontage, parallel to Coney Street and Spurriergate; units at junction of Museum Street and St Leonards Place and Land West of River Ouse between Micklegate and All Saints Church. The individual sites are discussed in more detail in the Retail Study (2008).

to connect York Central with the historic core. Several potential projects are identified within the Plan including the 'Station/York Central Links'. This is identified as an opportunity to dramatically improve and showcase this key 'first impressions route from the Station and the National Railway Museum to the City Centre. Through the CCAAP, LTP3 and the City Centre Accessibility Framework a number of potential projects have been identified within this area with the aim of improving and enhancing pedestrian links between the station area and the heart of the city. These include work on the Station frontage to create a more legible start to the pedestrian route to the city centre and improve the sense of arrival into the city, re-modelling of Station Rise junction in favour of pedestrian movements, improvements to the pavements between Station Road and Museum Street, the Lendal Bridge Cycling Hub and a potential new pedestrian river crossing between North Street Gardens and the City Screen area to create a new route between the Station and the heart of the city. Another identified key Area of Change within the CCAAP is the 'Cultural Quarter'. This is an area of outstanding cultural and historical heritage between the Railway Station and York Minster and the major institutions and landowners within the area want to improve connectivity across the area and take the visitor experience to a higher level with improved interpretation and new attractions. It will also form an important pedestrian and cycle link to the York Central area.

- 6.14 Investment in linkages and enhanced connectivity as discussed above should facilitate linked trips between York City Centre and York Central. In addition, it is anticipated that the York Central development will deliver improved linkages to the city centre, potentially to include a new Ouse crossing, pedestrian and cycle access improvements through the rail station and Marble Arch, a new link bridge to Queen Street and a new 'living bridge' over Marble Arch. The number and quality of these linkages will be directly linked to the viability of the development scheme.
- 6.15 Despite any improvements, York Central will remain an out of centre location in retail policy terms and development proposals will be subject to impact testing with the overall objective being to protect and enhance the vitality and viability of the existing York City Centre central shopping area. Grimley highlight that improved connectivity will assist in the development of complementary retail areas, as recommended in the York Retail Study. In this context having established it as sequentially preferable to other out of centre sites, Grimley have tested development scenarios on York Central and considered the implications for York City Centre.

7. Issue 5 – What would be an appropriate scale and timing of retail development on York Central based on an assessment of its impact on the existing City Centre?

- 7.1 In line with Policy EC5 (Site Selection and Land Assembly for Main Town Centre Uses) the York Retail Study has identified a need for future retail development through capacity forecasts to identify the amount of

floorspace that could be supported by the projected growth in population and expenditure on comparison goods. In line with PPS4 once this step has been completed LPA's should apply the sequential approach to site selection, assess the impact of sites on existing centres and consider the degree to which other considerations such as the regeneration benefits of developing on pre-developed sites, employment opportunities, increased investment in an area or social inclusion may be material to the choice of appropriate locations for development.

- 7.2 The Retail Study and additional work by GVA Grimley has applied the sequential approach to site selection through first thoroughly assessing all the opportunities for development within and directly adjoining the CSA and then assessing possible edge of centre and out of centre sites in line with policy EC5.4. Taking the revised baseline capacity scenario at 2022 of 56,348 sq m net this would leave residual capacity of 28,408 sq m net of comparison goods floorspace, which can't be delivered, within the sequentially preferable Central Shopping Area. Grimley concluded in the Retail Study therefore that it would be appropriate to look beyond the CSA in order to meet the identified need over the LDF period. Having then established York Central as sequentially preferable to other out of centre sites the next step is to assess the impact of the site on other centres in line with policy EC5.4 and EC16 of PPS4.
- 7.3 The following assessment of impact has been carried out using the criteria set out under policy EC16 (The impact assessment for main town centre uses that are not in a centre).

5a) The impact of the site on existing, committed and planned public and private investment in a centre or centres in the catchment area of the proposal

- 7.4 The wider economic benefits of anticipated public and private investment in a viable York Central development would be significant. The future York Group report of 2007 identified York Central as one of the key projects to create transformation change in the city and identified the site as critical to the cities long term economic future. The current work anticipates provision of around 9000 permanent jobs (FTE's) in a diverse range of sectors including knowledge based industries, financial and business services, tourism and business tourism, leisure and recreation.
- 7.5 The benefits of this investment will be maximised and sustained through a planning context that will seek to achieve the highest environmental standards including BREEAM excellent to achieve low and zero carbon development, this will help the scheme to mitigate and adapt to future climate change. The planning framework will also seek to achieve the highest quality of development, which will sustain long term investment in the site as well as acting as a catalyst for the enhancement of York's unique heritage assets in a wider context. These high standards and wider benefits will not be achieved without a viable scheme.

- 7.6 Tourism provides direct economic benefits through employment and indirectly in other sectors e.g. in printing and publishing. The NRM has been identified a key area for investment in the York Tourism strategy and action plan. Without the development of York Central major improvements to the environment and public realm in the vicinity of the NRM, which will enable it to maintain and enhance its attractiveness as a national and international tourist destination, are unlikely to be realised.
- 7.7 The delivery of the planned urban quarter at York Central will attract significant levels of public and private investment to York, this is reflected in the sites designation as a regionally significant investment priority and its promotion through the city region investment plan. The anticipated investment would not compete with other planned investments within the currently predicted timeframes for delivery but retail development has been demonstrated through viability work to be necessary in order to realise the wider ambitions for economic development on York Central. Without delivery of York Central, potential investment in retail development may be channelled to less sustainable and less sequentially preferable out of centre sites in York and public and private investment in the broader economic redevelopment of the area, with the wider benefits for York's economy, may be lost.
- 7.8 Extensive sustainability, transport impact and viability testing has been undertaken on the York Central site, over a wide range of development scenarios. Financial viability testing was undertaken by consultants DTZ, and included sensitivity analysis around gross development value (GDV) and cost, as well as exploring the implications of provision of affordable housing to different levels.
- 7.9 The conclusions of this work highlighted the fact that York Central has very high abnormal costs associated with its development, which renders many development scenarios unviable. This is reflected in the Councils testing outcomes and in market testing by the York Central stakeholders. The DTZ report establishes the fact that comparison retail significantly outperforms any other proposed land-use on York Central in terms of financial viability. Furthermore, incorporating retail development into a development scenario was shown to make other land uses, such as office and leisure, more valuable, increasing investor confidence and scheme viability.
- 7.10 Subsequent to the DTZ viability testing work, and market testing, officers have undertaken a fundamental review of the York Central project predicated on finding a more deliverable approach to developing York Central whilst achieving key Council and stakeholder objectives. This work re-affirmed the DTZ conclusions that without retail development, key Council objectives, including provision of a new sustainable Central Business District, enhanced NRM and new housing, may not be delivered on York central.

- 7.11 The work has shown that it may be possible to deliver development through a combination of measures, including reducing abnormal costs (for example through an alternative approach to rail rationalisation), redefining the site area, and phasing the implementation of key infrastructure.
- 7.11 There is a risk however that the development of York Central may also displace investment from the CSA if phased inappropriately. The Council is promoting the Castle Piccadilly site for comprehensive retail development and although in the early planning stages the Castle Piccadilly developers have highlighted concerns that any development at York Central could undermine the viability of the Castle Piccadilly development. Grimley consider that if either the Castle Piccadilly scheme or the York Central scheme came to fruition then it would let due to strong demand from retailers for a significant amount of retail space, however, if two competing schemes were to come to the market it would cause confusion and retailers could use it as a negotiating tool. Clearly Castle Piccadilly is the sequentially preferable site and on this basis the expansion of the Central Shopping Area through Coppergate to Castle Piccadilly should be given priority in policy terms and the phasing of new development. The emerging York Central policy framework provides for the provision of retail development after the planned implementation and bedding-in of Castle Piccadilly and other city centre sites in order not to adversely affect the planned investment in these city centre and edge of centre locations.

5b) The impact of the site on town centre vitality and viability, including local consumer choice and the range and quality of the comparison and convenience offer

- 7.12 This is in effect a “health check” of the City Centre. This was considered in detail in the York Retail Study. A detailed assessment of York Central’s impact would need to await developer selection and finalisation of scheme proposals, but in general terms York Central will provide the opportunity to accommodate retailers who cannot find appropriately sized space within the City Centre, together with a range of smaller units necessary to achieve a viable retail development.
- 7.13 The detailed qualitative analysis of York undertaken as part of the York Retail Study¹² indicates that York is a healthy centre and that it was performing well in a number of health check indicators. The number of comparison retailers and proportion of floorspace occupied by comparison goods retailers is above the national average (42% of units compared to 36% nationally), the proportion of units occupied by leisure service operators is above the national average (27% compared to 21%) and the independent and specialist retail offer is particularly strong and

¹² Section 6, page 33 of York Retail Study 2008, GVA Grimley.

provides a differentiated retail offer that sets York apart from other competing centres in the sub-region. Convenience provision in the city centre is weak and below the national average (7% compared to 8.5% nationally).

- 7.14 The proportion of vacant units is below the national average. At the time of the Retail Study (2007) the percentage of vacant units in York City Centre was 7.25% (67 units) compared to 9.7% nationally. In 2008 the percentage of vacant units rose to 8.6% (76 units) however in 2009 the percentage had dropped back to 7.13% (63 units) which is significantly lower than the national average of 14.4% which is a good illustration of York's health as a retail centre. Figures from mid year 2010¹³ show that despite a generally gloomy prognosis from the retail community, retail volumes in July 2010 were much higher than expected. According to the Office for National Statistics, retail sales volumes in July rose by 1.1% on June. Year-on-year, sales volumes are up by 1.3%. Sales volumes are predominantly non-food retailers were 4.1% above their levels of a year earlier. Town centre vacancy rates in Great Britain have risen from just over 12% at the end of 2009 to 13% at the end of June 2010. The Yorkshire and the Humber region has an average vacancy rate for large centres over 17%. The report highlights that in the Y&H region the number of empty shops is increasing in most centres but that the rate of increase is slowing. Dewsbury has the highest vacancy rate of the large and medium sized centres in the region at 27.4% (up by 10.51% in the last 6 months), this is followed by Bradford (24.6%), Doncaster (23.7%) and Hull at 21%. At just under 11% York has one the lowest vacancy rates of the larger centres in the region along with Harrogate (10.2%) and Northallerton (8.4%). York's vacancy rate at the time of the study stood at 10.7% up by 0.86% from the previous 6 month survey.
- 7.15 Prime retail rents have increased year on year since 2002 in York. The top 10 highest rented centres in Yorkshire and the Humber as at May 2008 are highlighted in Table 5 below. York was one of only three centres to achieve an increase in prime rent between 2007 and 2008 with rents up to £210 per square foot – an increase of 5%. In comparison out of centre locations such as Monks Cross achieve rents of around £45 psf.

¹³ A Gathering Storm? Shop Vacancy Report – Mid Year 2010, Local Data Company, September 2010

Table 5: Top Highest Rented Centres in Yorkshire & the Humber

FIGURE 3: TOP 10 HIGHEST RENTED CENTRES IN YORKSHIRE & THE HUMBER (AS AT MAY 2008)				
	Centre	2007 Rent £psf	2008 Rent £psf	Increase/Decrease since last year
1	Meadowhall	400	400	–
2	White Rose	325	330	Increase
3	Leeds	310	310	–
4	Sheffield	210	235	Increase
5	York	200	210	Increase
6	Kingston-upon-Hull	175	175	–
7=	Bradford	150	150	–
7=	Harrogate	150	150	–
9=	Doncaster	135	135	–
9=	Grimsby	135	135	–

Source: Colliers CRE

- 7.16 Further research by GVA Grimley¹⁴ (September 2009) showed that it is not major city centres such as Leeds and Manchester that are seeing the strong commercial investment interest in the high street retail sector but instead it is the more traditional centres like York and Harrogate. They conclude that centres such as York and Harrogate offer the least amount of risk due to their historic nature, their relatively small retail core and the element of tourist trade that they provide to retailers.
- 7.17 The York Retail Study concludes that the greatest threat to York is growing competition in the wider sub-region and lack of space to offer to higher quality, variety and department store operators to ensure that the city centre can compete effectively. In order for York to maintain its role in the retail hierarchy and attract shoppers from the catchment area and beyond, it is crucial that new modern retail space is created to attract a broader range and quality of multiple retailers to trade alongside the already strong independent sector. This is key as the multiple retailers are essential in order to create strong footfall levels to support and complement the independent retailers. The difficulty is, however, that whilst the historic centre is one of York's strengths, it also presents barriers to expansion and the introduction of modern units. The lack of space in the city centre has already encouraged a number of retailers to locate in out of centre locations. Any major development proposals or town centre extensions should conserve, respect and enhance the heritage value of York and continue to improve both the daytime and evening eating and drinking economy.

¹⁴ Towns and Small Cities on the Retail Investors Hit List, Capital Markets Group, GVA Grimley Leeds, 07/09/09.

5c)The impact of the proposal on in-centre trade/turnover and on trade in the wider area, taking account of current and future consumer expenditure capacity in the catchment area up to five years from the test date of the proposal.

7.19 Grimley has tested four different development scenarios in respect of trade draw and consequent impact on the Central Shopping Area of York City Centre. The retail scenarios that have been examined include three broad estimates of the scale of retail provision, which may be put forward, and one more detailed scheme, which was put forward by CBRE, on behalf of Network Rail, with a mix of named retailers to be tested. Each retail development scenario is based on open A1 department store anchored clothing and footwear led retail scheme: -

- Scenario 1 – 60,000 sq m net (645,000 sq ft net)
- Scenario 2 – 40,000 sq m net (430,000 sq ft net)
- Scenario 3 – 20,000 sq m net (215,000 sq ft net)
- Scenario 4 – 46,450 sq m net (499,000 sq ft net)¹⁵

7.20 In order to carry out the assessment Grimley have used a conventional and widely accepted step-by-step methodology. This draws upon the results of the household telephone survey of existing shopping patterns (York Retail Study, April 2008), which can model the existing flows of available expenditure to each centre and to assess the impact of the York Central development proposal on the Central Shopping Area and other centre in the wider sub-region¹⁶.

Castle Piccadilly – 24,000 sq m net @ 2015

7.21 The York Retail Study identifies Castle Piccadilly as the key development opportunity site in York City Centre. On this basis, it is necessary to first factor in comparison goods retail development at Castle Piccadilly to review the extent of market share increase and impact on York City Centre in advance of testing the proposal at York Central. Within the assessment, Grimley have factored in a retail scheme based on levels of retail space similar to the previous Land Securities proposals, which comprised c.24, 000 sq m net of comparison goods retail floorspace.

¹⁵ The proposed retail mix is set out in Table 1, Appendix 17, which provides a total comparison goods floorspace of 46,450 sq m net (499,337 sq ft net). The scheme includes around 30 retailers comprising mainstream high street retailers including a number of key national multiple retailers such as House of Fraser, Next and Marks and Spencer.

¹⁶ This includes calculating the total amount of comparison goods expenditure available in the catchment area; allocating the available expenditure to the shops in each centre to provide estimates of current and future sales; estimate the turnover to support the Castle Piccadilly development in 2015 and the likely pattern of trade draw to the centre; estimating the turnover required to support the York Central proposal in 2017 and the likely pattern of trade draw to the centre; and assessing the changing shopping patterns likely to arise as a consequence of the development proposal at York Central and the implications for the Central Shopping Area in terms of retail impact.

- 7.22 First, it is necessary to estimate the turnover of a retail scheme on Castle Piccadilly. Based on a net sales area of 24,000 sq m it is estimated that the comparison goods turnover of the new retail scheme would be in the region of £145 million by 2015.
- 7.23 The pattern of trade draw is set out in Table 1, appendix 12 and reflects consistency with the baseline position in terms of the level of competition and existing trade draw patterns.
- 7.24 Table 1 (appendix 12) also sets out the likely change in market shares arising from the implementation of Castle Piccadilly across the catchment area in 2015. Allowing for a 34% inflow of expenditure from beyond the catchment area¹⁷ the total CSA turnover is estimated to be £753.6 m in 2015 in the no development scenario and £899.3m following the implementation of Castle Piccadilly – an uplift in the CSA turnover of £145.7m (19%).
- 7.25 As detailed in the York Retail Study, the market share of York City Centre within Zones 1-16¹⁸ (for the purposes of comparison with previous retail studies) has fallen from 37% in 2001 to 28% in 2008. Following the implementation of Castle Piccadilly in 2015 (test date) York's CSA market share would increase from 28% (current level) to 33%. This indicates that by expanding the city centre offer with the Castle Piccadilly scheme the City Centre would become more robust to competition from the wider sub-region and claw back some of the expenditure which is currently leaking to other centres such as Leeds, Hull and Harrogate.

¹⁷ Based on the City Centre Survey carried out as part of the York Retail Study, April 2008 which showed a 34% inflow of expenditure from beyond York City Centre's catchment, which indicates the high level of visitor spending in York.

¹⁸ See appendix 1 for zone map

Table 6 – Summary of Impact Testing – Scenario 1 to 4 (* turnover figures are not directly comparable between scenarios 1-3 and scenario 4 as this was based on revised growth rates)

Scenario	Projected comparison goods turnover of scheme @ 2017 (£m)	Projected Market Share for York Central Scheme from Catchment Area (Zones 1-16)	Projected Market Share for York City Centre CSA with Castle Piccadilly @ 2017	Projected Market Share for York City Centre CSA with Castle Piccadilly & York Central @ 2017	Projected Market Share for Wider York City Centre with Castle Piccadilly and York Central @ 2017	Projected York City Centre CSA turnover @ 2017 with no new development	Projected Impact of Castle Piccadilly on York City Centre CSA turnover @ 2015 (£m)	Projected Impact of York Central on York City Centre CSA turnover @ 2017 (£m)	Projected Impact of York Central on York City Centre CSA turnover @ 2017 (%)	Projected Cumulative Impact of Castle Piccadilly and York Central on City Centre turnover @ 2107 (£m)	Projected Cumulative Impact of Castle Piccadilly and York Central on City Centre turnover @ 2107 (%)
Scenario 1 – 60,000 sq m net	£395m	12%	33%	26%	38%	£900.2m	+£145.7m	-£234m	-22%	-£60.1m	-6.7%
Scenario 2 – 40,000 sq net	£263m	8%	33%	28%	36%	£900.2m	+£145.7m	-£156m	-14.5%	-£17.3m	-2%
Scenario 3 – 20,000 sq m net	£131m	4%	33%	30%	34%	£900.2m	+£145.7m	-£78m	-7.3%	+£96m	+11%
Scenario 4* – 46,450sq m et	£260.3m	9.5%	33%	27%	37%	£767.6m	+£132m	-£155m	-17%	-£13.6m	-1.5%

York Central Scenario 1 – 60,000 sq m net @ 2017

- 7.26 Grimley estimate that in 2017 the comparison goods turnover of a scheme of this size would be in the region of £395m based on a sales density of £6,753 per sq m net grown by 2% per annum from 2008. Grimley consider this to be a realistic turnover for this scale of retail and that it would be unrealistic to assume a sales density equivalent to York City Centre. Table 1 in appendix 13 sets out the trade draw pattern of the development scenario and compares this to the total available expenditure in each zone. The final two columns compare the market share of York Central and York City Centre CSA if a scheme of 60,000 sq m was implemented on York Central. The table shows that at a scheme of this scale at York Central would compete with the existing city centre for market share and that it would capture a strong proportion from the catchment zones. In zones 1-3, which represent the zones inside the CYC LA boundary, this York Central scheme would take around 20% of the market share for comparison goods compared to around 40-45% in for York City Centre CSA (including Castle Piccadilly).
- 7.27 Table 6 illustrates the market share of the CSA in zones 1-16¹⁹ with Castle Piccadilly (2015), with York Central (2017) and the overall cumulative market share of the wider city centre area including York Central and Castle Piccadilly (2017). It is apparent that the CSA would experience an increase in market share from 28% to 33% in 2015 following the implementation of Castle Piccadilly, but that the implementation of York Central (60,000 sq m scheme) would result in a decline in market share in the CSA to 26% with York Central capturing a 12% market share from zones 1-16. The cumulative market share of the wider York City Centre, including both Castle Piccadilly and York Central would see an increase to 38% through effective claw back from expenditure from the wider sub-region and leakage to competing centres. It is important to highlight though that there would be a considerable impact on the CSA in terms of trade diversion to York Central, which is discussed further below.
- 7.28 The next step is to model the levels of impact of the scheme on individual centres including York City Centre by estimating the turnover of the new development and where this turnover is likely to come from. The implication of trade diversion is set out in Table 2, appendix 13. The figures effectively demonstrate the impact of a 60,000 sq m net scheme on the comparison goods turnover of each respective shopping destination within the catchment area. It is clear that a scheme of this scale at York Central would have a significant adverse impact on the Central Shopping Area with a loss of £234m of the CSA's overall turnover for comparison goods (-22%). It is clear that the impact on the total trade draw of Monks Cross (-29%) is also particularly

¹⁹ For the purposes of comparison with previous Retail Studies.

significant based on direct competition in the clothing and footwear categories. Given the more bulky goods role of Clifton Moor, the impact on this shopping destination would be more limited (-7%). The impact on total town centre turnovers in the wider sub-region is much lower ranging from 0.1% to 2.7% (Harrogate & Northallerton).

- 7.29 Cumulatively the impact on the City Centre CSA comparison goods turnover of the Castle Piccadilly scheme and the 60,000 sq m net York Central scenario would be -6.7% as the growth in turnover from the implementation of the Castle Piccadilly scheme would absorb some of the impact of the York Central scheme. This effectively means that this York Central scenario would erode the positive uplift and investment from Castle Piccadilly but that it would help to reduce the overall impact on the City Centre CSA turnover. The cumulative impact of both schemes on other centres within the York area would be of concern. Monks Cross would see the greatest level of impact with a reduction in turnover of £69m (50%), Clifton Moor a 12% reduction in turnover (-£30m) and York Designer Outlet -6% (£5.2m). In terms of the other centres within the sub-region Selby town centre shows the highest level of impact at -6% (£5.6m).

York Central Scenario 2: 40,000 sq m net @ 2017

- 7.30 Grimley estimate that in 2017 the comparison goods turnover of a scheme of 40,000 sq m net would be in the region of £263m. Table 1 in appendix 14 sets out the trade draw pattern of the development scenario and compares this to the total available expenditure in each zone. The final two columns compare the market share of York Central and York City Centre CSA if a scheme of 40,000 sq m was implemented on York Central. The table shows that a scheme of this scale at York Central would compete with the existing city centre CSA for market share and that it would capture a strong proportion from the catchment zones. In zones 1-3 (CYC zones) this York Central scenario would take around 12-15% of the market share for comparison goods compared to the city centre CSA (with Castle Piccadilly) that would capture 45-50%. This shows that the City Centre would still be capturing a high proportion of the available spend on comparison goods within zones 1-3 but a 12-15% market share for York Central is still higher than the share captured by Monks Cross and Clifton Moor at the time of the Retail Study (5% and 8% respectively).
- 7.31 Table 6 demonstrates that the market share of York City Centre CSA would increase to 33% following the implementation of Castle Piccadilly in 2015 but would revert back to the current level of 28% following the implementation of a 40,000 sq m net scheme at York Central in 2017. York Central would achieve an 8% market share through a 40,000 sq m net scheme. Together the wider York 'City Centre' (including York City Centre and York Central) could achieve a market share in the region of 36% with a 40,000 sq m net but would still have an impact on city centre turnover.

- 7.32 The implications for trade diversion from individual centres in the catchment area in terms of total comparison goods turnover is illustrated in table 2, appendix 14. A 40,000 sq m net scheme at York Central would result in a loss of £156m of the city centre CSA's total turnover for comparison goods (14.5%). The impact on Monks Cross in terms of loss of turnover would be -£18m (19%), which is higher than the impact on the City Centre and could lead to adverse impacts in terms of vacant units, which would need to be managed through the Core Strategy retail policies. The impact on Clifton Moor would be less significant at -£11.5m (5%). Again the impact on other centres within the catchment area would be much lower at between 0.1% to 1.8% of their total turnovers.
- 7.33 Cumulatively the impact on the City Centre CSA turnover of the Castle Piccadilly scheme and the 40,000 sq m net York Central scenario would be a 2% loss in comparison goods turnover compared to the no development scenario. The cumulative impact of both schemes on other centres within the York area would be of concern. Monks Cross would see the greatest level of impact with a reduction in comparison goods turnover of £60m (44%), Clifton Moor a 10% reduction in turnover (-£25m) and York Designer Outlet -5% (£4m). In terms of the other centres within the sub-region Selby town centre shows the highest level of impact at -5% (£5m).

York Central Scenario 3: 20,000 sq m net @ 2017

- 7.34 Grimley estimate that in 2017 the comparison goods turnover of a scheme of 20,000 sq m net would be in the region of £131m. Table 1 in appendix 15 sets out the trade draw pattern of the development scenario and compares this to the total available expenditure in each zone. The final two columns compare the market share of York Central and York City Centre CSA if a scheme of 20,000 sq m was implemented on York Central. The table shows that a scheme of this scale at York Central would not compete as strongly with the existing city centre CSA for market share and that it would capture a lesser proportion of spend from the catchment zones. In zones 1-3 (CYC zones) this York Central scenario would take around 6-7% of the market share for comparison goods compared to the city centre CSA (with Castle Piccadilly) that would capture 49-56%. This shows that the City Centre would still be capturing a high proportion of the available spend on comparison goods within zones 1-3 and that the market share for York Central would be around the same proportion of spend that is currently captured by Monks Cross and Clifton Moor.
- 7.35 Table 6 demonstrates that the market share of York City Centre CSA would increase to 33% following the implementation of Castle Piccadilly in 2015 and would remain at 30% following the implementation of a 20,000 sq m net scheme at York Central in 2017, which is higher than the current level of 28%. York Central would achieve a 4% market

share through a 20,000 sq m net scheme. Together the wider York 'City Centre' (including York City Centre and York Central) could achieve a market share in the region of 34% with a 20,000 sq m net and the impact on city centre CSA turnover would be considerably less.

- 7.36 The implications for trade diversion from individual centres in the catchment area in terms of total comparison goods turnover is illustrated in table 2, appendix 15. A 20,000 sq m net scheme at York Central would result in a loss of £78m of the city centre CSA's total turnover for comparison goods (7%). The impact on Monks Cross in terms of loss of comparison turnover would be -£9m (9.5%), which is slightly higher than the impact on the City Centre. The impact on Clifton Moor would be less significant at -£2m (2%). Again the impact on other centres within the catchment area would be much lower at between 0.1% to 2% of their total comparison goods turnovers.
- 7.37 Cumulatively the impact on the City Centre CSA comparison goods turnover of the Castle Piccadilly scheme and the 20,000 sq m net York Central scenario would be an 11% growth in total comparison goods turnover. This arises from the implementation of the Castle Piccadilly scheme which would absorb the impact of the York Central scheme and would still allow for a significant growth in turnover of the City Centre CSA of £96m whilst at the same time allowing the growth in market share of the city centre CSA to increase from its current proportion of 28% to 30%.
- 7.38 The cumulative impact of both schemes on other centres within the York area would still need to be addressed but are significantly less in terms of total turnover. Monks Cross would still see the greatest level of impact reflecting the fact that it is a clothing and fashion led scheme and would compete directly with the city centre and York Central for market share. Monks Cross would experience a reduction in turnover of £50m (37%), Clifton Moor an 8% reduction in turnover (-£19m) and York Designer Outlet -4% (£3m). In terms of the other centres within the sub-region Selby town centre shows the highest level of impact at -5% (£4m).

York Central Scenario 4 – 46,450 sq m net @ 2017

- 7.38 Within this more detailed quantitative assessment, Grimley have factored in a retail scheme of 46,450 sq m net comparison goods floorspace, just under 500,000 sq ft (details of breakdown in Table 1, appendix 17).
- 7.39 As there is a more detailed breakdown of floorspace it has been possible to apply relevant and appropriate sales densities to the various retail elements of the scheme. Overall it is estimated that by 2017 the comparison goods turnover of the York Central scheme will be in the region of £260.3m based on a sales density of £5,604 per sq m net.

- 7.40 Table 1 (appendix 16) sets out the trade draw pattern of the York Central proposal and compares this to total available expenditure in each zone. The final two columns compare the market share of York Central with the market share of York City Centre CSA (including Castle Piccadilly) in 2017 if a scheme of 46,450 sq m net was implemented on York Central. The table shows that a scheme of this scale at York Central would compete with the existing city centre for market share and that it would capture a significant proportion of spend from zones 1-3 of the catchment area of between 15 and 17%. The city centre CSA in comparison would capture between 42 and 49% of the market share for comparison goods.
- 7.41 Table 6 illustrates the market share of York City Centre CSA in Zones 1-16 with Castle Piccadilly (2015), with Castle Piccadilly and York Central (2017) and the overall cumulative market share of the wider city centre area including Castle Piccadilly and York Central (2017). It is apparent that the city centre CSA would experience an increase in market share from 28% in 2008 to 33% in 2015 following the implementation of Castle Piccadilly. The implementation of York Central in 2017 would result in a decrease to the CSA's market share to 27%, just below the current level of 28%, with York Central capturing a 9.5% market share from zones 1-16. The cumulative market share of the wider York City Centre, including both Castle Piccadilly and York Central would see an increase in market share to 37% through effective claw-back of expenditure from the wider sub-region and leakage to other centres.
- 7.42 The implications of trade diversion from existing centres are set out in Table 2, appendix 16. The figures show that the York Central scheme would result in a decrease in total comparison goods turnover of £154.6m for York City Centre (incl. Castle Piccadilly), which is a 17% impact on total turnover. The other main impact would be felt at Monks Cross, which would see a 22% impact and a loss of £18.1m of turnover, based on direct competition in the clothing, and footwear and general comparison goods retail categories. Impact on other centres in the wider sub-region would be more limited.

Summary of Quantitative Impact Testing

- 7.43 Following the implementation of Castle Piccadilly in 2015, the Central Shopping Area is forecast to achieve market share uplift from 28% to 33%. The implementation of a comparison goods scheme at York Central measuring between 20,000 and 60,000 sq m net would equate to a fall in market share in the CSA from 33% to 30% to 26% respectively between 2015 and 2017. In quantitative terms a 20,000 sq m net scheme would still allow the market share levels of the CSA to increase from current levels (28%) to 30%. A 40,000 sq m net scheme would mean that the market share of the CSA remains static at its current level of 28%.

- 7.44 A 20,000 sq m net scheme at York Central would result in an impact on the total comparison goods turnover of the CSA of 7%. Cumulatively with the development of the Castle Piccadilly site and this size of scheme at York Central the City Centre CSA would see a growth in its total comparison goods turnover of 11% (£96m). The City Centre is currently trading very well with a comparison goods sales density of approximately £10,947 per sq m net which is an indication of overtrading reflecting the constrained nature of retailing in the centre and the lack of major development schemes coming forward in recent years. The city centre also has a vacancy rate lower than the national average and has a high inflow of expenditure (34%) from outside its catchment zone reflecting the attractiveness of York as a destination from much further a field. Based on their experience elsewhere in the country GVA Grimley conclude that York City Centre is performing considerably well in this sector and that these figures together with the low vacancy rate, indicates a need for additional floorspace to absorb the large pot of available expenditure.
- 7.45 It is likely therefore that the projected level of impact from a scheme of circa 20,000 sq m net on total comparison goods turnover could be absorbed in part by the existing level of overtrading that is evident in the city centre and also by the growth in expenditure that is forecast following the implementation of the Castle Piccadilly scheme and that it would not cause significant adverse impact on the future vitality and viability of the city centre particularly if improvements are made to linkages with the existing CSA to facilitate better movements between the Station area towards the historic core of the city centre.
- 7.46 A 40,000 sq m net scheme at York Central by 2017 would be likely to have an impact on the city centre turnover for comparison goods of 14.5%, which is more significant and may be more likely to cause an adverse impact on the existing CSA both in terms of impact on turnover and relocations. Delivery of a 60,000 sq m net scheme at York Central by 2017 would be likely to have a 22% impact on the total comparison goods turnover of the CSA, which would be a significant and unacceptable level of impact. Furthermore the market share of the city centre would fall below the current level of 28% to 26%. A scheme of this size is likely to comprise of 50-60 units with large anchor stores and development of this scale would be likely to lead to many vacancies in the core shopping areas, whilst fewer major multiples would remain to ensure visitation numbers, footfall and linked trips to the independent sectors.
- 7.47 In every scenario the market share of the wider York City Centre area would increase as a whole through claw back from competing centres but this would be achieved through the delivery of two separate shopping destinations.

Impact on Retailer Demand and Relocations

- 7.48 Part of the brief to GVA Grimley included a requirement for retail agency advice in respect of the extent of retailer demand for York and potential relocations from the City Centre if development was to take place. This input is necessary to enable an assessment of the appropriateness of scale at York Central and the balance of bringing forward York Central whilst maintaining the vitality and viability of the city centre. The work has focussed on whether there is sufficient demand for both Castle Piccadilly and York Central and the extent of potential relocations from the existing Central Shopping Area. This work has been informed by in-house GVA Grimley retail agents and input from a number of key retailers.
- 7.49 There is an extensive list of retailers and other operators wishing to expand into or continue their expansion in York, and they are not just fashion retailers but hoteliers, food, drink and wholesale distributors. These requirements have been taken from those advertised in mid 2007 through to the present and from these lists GVA have selected the most likely 70 prospective retailers actively looking for new units in York City Centre. This would indicate that there is pent up demand and this is consistent with the qualitative health check of the city centre undertaken as part of the York Retail Study which identified a shortfall in retailer representation for a centre at this level in the retail hierarchy. GVA also undertook detailed reviews of tenant list from recent city centre developments throughout the UK and have identified retailers who are currently absent from York who may want to take up position here. This gap analysis list includes over 80 retailers, all of which are growing businesses, either small chains or national retailers who are expanding throughout the UK into all the major cities.
- 7.50 Many of the retailers identified are niche and high quality retailers such as Ted Baker, Max Mara, DKNY, Bobbi Brown, Fossil, LK Bennet, Sisley, Origins and Lacoste. Whilst a number do require larger floorplates, many would prefer the boutique and characteristic style of the smaller and historic existing units in the City Centre. They would market themselves as upmarket boutique style businesses and require the appropriate unit to ensure consistency with their ideals like those on offer in the Central Shopping Area.
- 7.51 Development of a comparison goods scheme on York Central would be an attractive relocation opportunity for a number of retailers already located in the CSA. As highlighted in the York Retail Study many national multiple retailers are accommodated in small units with a number of floors, which are not ideally suited to modern retailing requirements. Although York has a good range of department store operators, they occupy cramped and sometimes outdated units and a number of major comparison retailers have already opened larger units in out of town locations, particularly Monks Cross.

- 7.52 From analysis of the current occupiers in the city centre it is evident that a number of retailers may wish to relocate to larger premises. These include Zara, River Island, Next, New Look and H & M. Overall there are a total of 14 retailers that GVA believe may want to relocate in order to expand²⁰. In addition GVA believe there are retailers that would want to relocate for other factors such as possible increased turnover in a new location or dissatisfaction with their current units position, landlord or fear that new shopping destination may trade well and have a negative impact on their vitality and viability in their existing location. Drawing these factors together GVA estimate that approximately 20-25 retailers may wish to relocate. Based on informative and lengthy discussions with Next and New Look it is evident that both would relocate to a central or edge of town development for a larger and better configured unit provided the scheme provided strong footfall levels. Debenhams have expressed a wish to expand and Habitat has expressed a desire for a larger store. Many retailers are likely to relocate on the premise of a good anchor store, such as M&S or another department store, which are likely to generate good footfall levels and would be a key attractor to other retailers.
- 7.53 A scheme of 40-60,000 sq m net could provide circa 30-40 new retail units, which could provide accommodation for all relocations although it is also likely to attract new retailers, which are not currently located in York City Centre. GVA consider that this level of relocation could have serious implications for the health of the city centre particularly given the space requirements of many multiple retailers. They consider that it is likely that, based on the retailer gap analysis undertaken, many units in the city centre would be reoccupied by smaller boutique and niche retailers which are attracted to the historic units and environment of York City Centre however, it is crucial for the city centre to continue to offer mainstream (national multiple) comparison retailing to ensure the visitation numbers and footfall to generate trade. Independent and boutique/niche retailers need to trade alongside national multiple comparison retailers in larger towns and city centre to ensure vitality and viability. Evidently the city centre would continue to act as a tourism and visitor attraction particularly around the Minster area, although a decline in mainstream retailing would lead to a reduction in linked trips to the smaller and independent niche retailing offer.
- 7.54 The implementation of Castle Piccadilly would assist in retaining the mix of major national multiples in the Central Shopping Area and therefore assist in maintaining footfall but too much retail development at York Central would impact on the attractiveness of the Central Shopping Area as a retail destination.

²⁰ Based on market knowledge through comparison of existing floor plates with the retail area requirements being advertised.

5d) Whether the proposal is of an appropriate scale (in terms of floorspace) in relation to the size of the centre and its role in the hierarchy of centre.

- 7.55 Within the quantitative assessment, Grimley have analysed York Central development scenarios ranging from 20,000 sq m net to 60,000 sq m net of comparison goods floorspace. York City Centre currently comprises of 55,698 sq m net, Clifton Moor Centre – 43,926 sq m net and Monks Cross – 27,250 sq m net. The floorspace of York City Centre following the implementation of Castle Piccadilly would be 79,698 sq m net.
- 7.56 The 20,000 sq m net York Central development scenario represents an increase of 36% of the total existing city centre comparison goods floorspace. The combined comparison goods floorspace of York City Centre with Castle Piccadilly and York Central (at 20,000 sq m net) would be 99,698 sq m net, which is an increase in size of 79% from existing levels.
- 7.57 In comparison to this the largest development scenario tested of 60,000 sq m net would be larger than the existing city centre comparison goods floorspace and larger than both Clifton Moor and Monks Cross. A 60,000 sq m scheme would increase the size of the city centre (with Castle Piccadilly) to 139,698 sq m net – a 151% increase on its current size.

8. Issue 6- The Core Strategy and the recommended policy approach to future retail development

- 8.1 Strengthening the role of York as a sub-regional shopping centre is a key part of the LDF vision. Fundamental to this will be delivering new shopping provision to support the vitality and viability of the city centre and meet local shopping needs.

Policy Context

- 8.2 The Government's overarching objective (PPS4) is for sustainable economic growth. The aim is that the planning system contributes to building prosperous economies by, amongst other objectives, improving the economic performance of places; delivering sustainable patterns of development; and promoting the vitality and viability of town centres. PPS4 sets out policies that are intended to clarify the Government's approach and support for town centres.
- 8.3 PPS4 directs LPA's to identify an appropriate range of sites to accommodate the identified need for town centre uses, including retail provision for the period of the plan. It states that an apparent lack of sites of the right size and in the right location should not be a reason for authorities to avoid planning to meet the identified need. Local authorities should allocate sites based on need, identify sites of appropriate scale and in keeping with the role and function of the

centre, follow a sequential approach to site selection and consider the regeneration benefits, employment and investment opportunities which may be offered by the allocations. Capacity alone is not sufficient justification for inappropriate out of centre development.

8.4 The Core Strategy must consider the strategic implications of how any longer-term retail development might affect the retail strategy for the City Centre. Any longer term retail development would have to respect the existing compact nature of the CSA and any extension to the CSA would need to be well related to the existing core and have the opportunity to introduce walk able shopping circuits or loops. Longer-term expansion beyond the CSA must also be sensitive to the fact that the city centre relies to a large extent on the success of its retail function to provide economic support to its historic buildings.

8.6 The key aim of the Core Strategy in terms of retail should be to provide a distinctive retail offer with a high proportion of local, high quality independent retailers set within a world class shopping experience. In addition the aim should be to reduce the leakage of expenditure outside the area to help support the local economy and reduce travel. Key issues for York are to:

- Support independent offer whilst maintaining mainstream multiples to retain footfall
- Accommodate growth whilst enabling sustainable, mixed use centres
- Create supporting conditions for local and rural shops
- Build on unique and distinctive nature of current offer whilst meeting functional and efficiency requirements of customers and the retail sector
- Spread footfall without harming current areas of vitality
- Attract visitors whilst providing for local people.

A Phased and Sequentially Based Approach to future Retail Development

1st Phase – Central Shopping Area

8.9 Officers recommend that the retail priority in the first part of the LDF period up to 2017 should be to secure the successful implementation and operation of the Castle Piccadilly site and the other in-centre opportunities at Stonebow House and the Telephone Exchange and the absorption of the new floorspace into the trading patterns of the city. There will inevitably be some change within the central shopping area as retailers re-locate into new units provided and new retailers move in to occupy both the new and vacated space but it is essential to the future health of the historic core that such units are quickly taken up by new occupants to safeguard the fabric of the buildings. Using the revised baseline capacity forecasts the Castle Piccadilly site would be

fully supportable in retail floorspace terms by 2017 and its development would help to improve the vitality and viability of the city centre through the provision of larger modern floorplates and an anchor department store.

- 8.10 Castle Piccadilly and other smaller city centre opportunities should clearly be the first priority in policy terms and should be allocated as suitable sites for retail development in the City Centre AAP. In view of the importance of the Castle Piccadilly scheme to the future of the city centre it is important to ensure that other retail commitments are not made that could undermine commercial confidence in executing the scheme and securing its full occupation and integration into the city centre.

2ND Phase – York Central

- 8.11 From 2017 onwards, population growth and rising expenditure across York's catchment area could support a further increase in retail floorspace, dependent on a thorough assessment of impact on the CSA. The revised baseline scenario forecasts additional capacity of up to 56,348 sq m net by 2022 and 106,664 sq m net by 2029. In line with PSS4 it is important to plan proactively and positively for future retail development and there is clearly no further major retail development opportunities within or directly adjoining the CSA after Castle Piccadilly, Stonebow House and the Telephone Exchange.
- 8.12 York Central has been identified as the next sequentially preferable site outside of the CSA and is suitable for future retail development dependent on the impact on the vitality and viability of the CSA. The initial impact testing carried out by GVA Grimley and the health check analysis of the existing City Centre indicates that a scheme in the range of 20-25,000 sq m net at York Central could be fully supportable in capacity terms from 2020 onwards, allowing time for Castle Piccadilly to become fully operational and trade patterns established. The projected impact on city centre turnover of 7% could be absorbed by virtue of the current level of overtrading (against company averages) evident in the city centre along with projected growth in population and expenditure levels and the growth in expenditure that will have occurred following the successful development of the Castle Piccadilly scheme. The two schemes combined are projected to increase the central shopping areas turnover by £96m (11%) and increase the market share of the CSA to 30%, which is above its current share.
- 8.13 Further to this the impact test set out in PPS4 is not just about the quantitative impact on turnover but that a wider assessment of the other benefits to be gained from the proposed scheme. Analysis using the wider impact criterion set out in PPS4 (policy EC5.4 & EC16) has shown that the wider qualitative benefits of York Central in terms of increased investment, uplift in market share and the regeneration of a key brownfield site are key mitigating factors to be taken into account

when assessing the suitability of the site for retail development. If sites are not allocated for this growth proactively through the planning process then there will be increased pressure from other out of centre retail destinations for increases to current floorspace levels. Monks Cross and Clifton Moor already absorb a significant amount of expenditure from the York Catchment and sequentially they are less centrally located than the York Central site.

- 8.14 In line with policy EC3 PPS4 recommends setting a floorspace threshold for the scale of edge and out of centre development which should be subject to detailed impact assessment under policy EC16.1 and in addition any locally important impacts on centres which can be defined at the local level through policies in the Core Strategy. It is recommended therefore that a range of 20,000 sq m net to 25,000 sq m net is set as a 'suitable threshold' for retail development at the York Central site post 2020 and that this is embedded in the Core Strategy retail policies. These policies should include caveats to ensure that this 'threshold' is subject to more detailed impact testing at application stage in line with policy EC16 of PPS4. Further detail on the York Central strategic allocation and the proposed retail element should be set out in the Supplementary Planning Document for the site.

Longer Term (Post 2022)

- 8.15 Following the development at Castle Piccadilly and York Central it will take time for trading patterns to be absorbed into the city centre. A period of monitoring and evaluation is needed to test the validity of the longer term projections to 2029 and also to monitor closely the health of the city centre. Although up to 106,664 sq m net of potential retail capacity has been forecast up to 2029 this does not mean that all this capacity must be allocated. Capacity alone does not simply allow unrestricted retail development across the city. Any future development would be subject to a future review of the Retail Study and upon further stringent testing of impact on the city centre.
- 8.16 It is recommended that retail proposals beyond those identified in the Core Strategy policy should be considered on an individual basis using up to date retail capacity figures and in accordance with PPS4 will be subject to a sequential assessment and assessment of impact on existing centres.

9. References

Background Papers:

- York Retail Study, GVA Grimley, 2008 (http://www.york.gov.uk/environment/Planning/Local_development_framework/LDF_Evidence_base/YorkRetailStudies/ or contact the City Development Team on 01904 551356)
- York Central Retail Study, GVA Grimley, December 2008 (available by contacting the City Development Team on 01904 551356)

- York Central Stage 2 Retail Assessment: Scenario Testing, June 2009 (available by contacting the City Development Team on 01904 551356)
- Core Strategy Preferred Options, City of York Council, June 2009 (http://www.york.gov.uk/environment/Planning/Local_development_framework/1331181/ or contact the City Development Team on 01904 551356)
- Planning Policy Statement 4 (PPS4): Planning for Sustainable Economic Growth, CLG, December 2009 (<http://www.communities.gov.uk/publications/planningandbuilding/planningpolicystatement4>)

10. Appendices: 1-17 to the main report

NB: Appendices are contained within a separate document.

Appendix 1: Map to Show Telephone Survey Zones Forming the York Catchment Areas and Map of Zones 1-3 (Within York Authority Boundary)

Appendix 2: Tables to Show Market Share of All Comparison Goods and Clothes, Fashion and Footwear for York City Centre, Monks Cross, Clifton Moor and Designer Outlet by Catchment Zone

Appendix 3: Maps to Show Market Shares of All Comparison Goods and Clothes, Fashion and Footwear for York City Centre, Monks Cross, Clifton Moor and Designer Outlet by Catchment Zone

Appendix 4: Tables of Market Shares of All Comparison Goods and Clothes, Fashion and Footwear for Competing Sub-Regional Centres by Catchment Zone

Appendix 5: Maps of Market Shares of All Comparison Goods and Clothes, Fashion and Footwear for Competing Sub-Regional Centres by Catchment Zone

Appendix 6: Location of Pipeline Retail Development Schemes in Competing Centres

Appendix 7: Details of Pipeline Retail Development Schemes in Competing Centres

Appendix 8: Vitality and Viability of York City Centre

Appendix 9: Maps of existing retail in the historic core and retail circuits

Appendix 10: Revised Capacity Projections

Appendix 11: Map of York Central Location in comparison to Central Shopping Area

Appendix 12: Castle Piccadilly Scenarios

Appendix 13: Trade draw pattern of 60,000sqm net York Central Development 2017

Appendix 14: Trade draw pattern of 40,000sqm net York Central Development 2017

Appendix 15: Trade draw pattern of 20,000sqm net York Central Development 2017

Appendix 16: Trade draw pattern of 46,450sqm net York Central Development 2017

Appendix 17: York Central Test Scheme