

# Carter Jonas

## **Town Centre Retail Capacity Study 2016: Executive Summary**

Prepared on behalf of:

**London Borough of Tower Hamlets**

OCTOBER 2016

## QA

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## 1 EXECUTIVE SUMMARY

- 1.1 Carter Jonas (CJ) was commissioned by London Borough of Tower Hamlets ('the Council') in March 2016 to update the Council's retail evidence base. The study will be used to inform the review of the Tower Hamlets Local Plan, including the formation of town centre policies. This Executive Summary sets out the key findings of the study.
- 1.2 The Study Area defined for the purpose of this retail assessment principally covers the borough of Tower Hamlets and is broken down into eight study zones. A telephone interview survey of some 899 households was conducted to identify shopping patterns, leisure preferences and expenditure flows within the Study Area. The results informed health check assessments for the borough's main centres as well as the quantitative ('capacity') and qualitative need assessments for new retail floorspace.

### MARKET SHARES/ SHOPPING PATTERNS

- 1.3 Market shares are derived from the household survey results and relate to the distribution of retail expenditure across different centres within and outside of the borough. The key findings are used to inform the baseline market share analysis and turnover estimates that underpin the quantitative retail capacity assessment, as well as the qualitative needs assessment.
- 1.4 The market share analysis confirms that online sales account for 5.1% of convenience study area expenditure; an increase from 2% recorded in 2006, but below the UK average (10%) for 2016. Comparison goods online sales account for 18.3% of study area expenditure; an increase from 14.8% in 2006 and higher than the UK average (16.5%).
- 1.5 The table below summarises market shares for the Borough's main centres based on total Study Area expenditure.

#### Convenience and Comparison Goods Market Shares

Centre	Convenience Goods	Comparison Goods
Canary Wharf Major Centre	6.1%	3.1%
Bethnal Green	5.2%	1.2%
Brick Lane	0.3%	0.2%
Bromley by Bow	5.7%	1.0%
Chrisp Street	1.9%	1.2%
Crossharbour	11.1%	3.1%
Roman Road East	2.4%	0.6%
Roman Road West	0.2%	
Watney Market	2.9%	0.4%
Whitechapel	11.0%	4.5%
Neighbourhood Centres	11.0%	2.6%

Note: Combined comparison goods market share only available for Roman Road East and West

- 1.6 In summary, Canary Wharf, Crossharbour, and Whitechapel are the dominant centres in terms of retail market share and corresponding centre turnover. Whitechapel and Crossharbour attract the greatest proportion of convenience expenditure, which is largely supported by the presence of a major foodstore in each centre. Whitechapel also attracts the greatest proportion of comparison goods expenditure. Retail market shares for Brick Lane are the lowest out of the all the District Centres. However, this does not take account of expenditure inflow from tourists, visitors and workers using the centre.

## TOWN CENTRE VITALITY AND VIABILITY

- 1.7 An assessment was carried out on the Borough's main centres to gauge their performance overall vitality and viability of town centres. The findings help to inform where new investment should be prioritised. The following provides a brief summary for each centre:

- **Canary Wharf** is largest centre in the Borough and is performing strongly, which is evident from the lack of vacant units in the centre and the fact that the centre benefits from a captured customer market; namely the +200,000 workforce. The centre is very well represented in terms of the quality of retail offer, but would benefit from broadening the retail offer to serve the shopping needs of the wider Borough. This will potentially be achieved through significant planned new retail floorspace at Wood Wharf.
- **Bethnal Green** from a popular and thriving high street. The centre has a strong comparison retail sector which is occupied predominately by independent retailers and there is potential to attract high street multiples. The market is a key attraction that would benefit from physical improvements and wider range of goods, which could attract more shoppers and compete with other markets within and outside of the Borough.
- **Brick Lane** is best known as a popular tourist destination and for its restaurant offer. The centre could also benefit from a broader mix of comparison retailers as current offer is largely catered to tourists. Convenience provision is limited. The health check noted a higher rate of vacancies along the eastern end of Redchurch Street. Generally, Brick Lane itself could benefit from more active street cleaning; particularly at weekends, along with better wayfinding/ signage to and from public transport nodes.
- **Bromley by Bow** is currently not performing as a typical town centre due to having a limited mix of town centre uses and the nature of its catchment. However, centre is a major focus for regeneration and the centre is a major focus for regeneration with a masterplan in place (Bromley by Bow Masterplan 2012) that seeks to strengthen retail and town centre provision.
- **Chrisp Street** is subject to major regeneration proposals including new housing, high street and street market improvements, and developing the leisure economy. The street market is a key focal point for the centre and has been the focus of much investment over the years. Further investment in the market is planned as part of the town centre wide regeneration proposals promoted by Poplar HARCA.

- **Crossharbour** differs from many of the other district centres as it attracts a broad catchment area, mainly due to the existing Asda store. Retail and other commercial town centre uses are limited but will benefit from improvements associated with the redevelopment of the Asda site.
- **Roman Road East** is characterised by two retail areas: the market to the east and traditional retail units to the west with retail offer largely represented by independent retailers. The centre would benefit from investment; in particular improvements to retail units which could help to reduced persisting vacancies and attract new comparison retailers, which are currently under-represented.
- **Roman Road West** is in need of investment to ensure its future viability including the public realm, the street market where trader occupancy is in decline, the potential to attract new retailers (including multiples) and service uses, which could help address vacancies. Takeaway provision should also be managed to prevent proliferation of this use.
- **Watney Market** is well represented by convenience and comparison retail provision that is characterised by specialist and independent retailers and a strong offer in women’s clothing. The centre has and is benefiting from investment with major housing schemes planned in the area.
- **Whitechapel** is subject to major planned investment through the adopted Whitechapel Masterplan, which includes the delivery of the Crossrail station. The area will be transformed and will increase demand for new retail and service uses. The potential to attract new multiples should be explored given the scale of planned investment for the area. There are also opportunities to improve the street market by enhancing the diversity and quality of offer; alongside physical improvements.

## RETAIL CAPACITY ASSESSMENT

- 1.8 The retail capacity assessment is informed by CJ’s **CREAT<sup>e</sup>** Capacity Model, which takes account of population projections identified by the Council for the Borough (Zones 1 to 8) and by ONS’s 2012-based projections (Zone 9) and average retail (convenience and comparison goods) expenditure per capita levels. The capacity model assumes assuming ‘equilibrium’ at the base year, with forecast residual expenditure capacity identified up to 2031. The capacity findings are summarised in the table below.

### Borough-wide – Retail Capacity Forecasts

	2021	2026	2031
Convenience Goods Floorspace (sqm net) <sup>1</sup> :	2,929	7,495	9,085
Comparison Goods Floorspace Capacity (sqm net):	-15,587	-6,608	-402

Source: Table 1, Appendices 8 and 9 (Steps 5 and 6)

Notes: <sup>(1)</sup> capacity is for foodstore-format floorspace

- 1.9 Up to 9,085 sqm net of new foodstore floorspace could be supported in the Borough over the study period (up to 2031). The greatest proportion of this forecast capacity is identified for **Whitechapel** (2,622 sqm net by 2031) followed by Bromley by Bow (1,144sqm net) and Canary Wharf (1,119 sqm net).

- 1.10 For comparison goods there is no forecast Borough-wide capacity identified over the study period (2031) as a result of the significant committed comparison retail floorspace in the Borough; particularly planned development associated with the Wood Wharf scheme in Canary Wharf. At centre level, forecast capacity is focused in Whitechapel where up to 3,105 sqm net of new comparison floorspace is identified.
- 1.11 It is important to restate that capacity forecasts beyond five years should be treated with caution, as they are based on various layers of assumptions and forecasts with regard to the trading performance of existing centres and stores, the growth in population and retail spending, constant market shares, etc. For example, if the growth in Internet and multi-channel shopping is stronger than current forecasts suggest, then this could reduce the future demand and capacity for new 'physical' space over the long term. The Council should take into account these margins for error when assessing the need for new retail floorspace.

### **COMMERCIAL LEISURE ASSESSMENT**

- 1.12 The household survey identified that eating out and cinema going are the most popular leisure activities, which points to potential to enhance the overall offer in the Borough's main centres. To a lesser extent cultural activities and the arts, visit gyms and health facilities are popular, alongside drinking out at pubs and nightclubs and family entertainment activities. Very few respondents engage in gambling activities (e.g. bingo, casino, and bookmakers).
- 1.13 Potential demand has been identified for eating and drinking out and this would help to enhance each centre's day and evening time economies, particularly where provision is under served. For eating out this includes Bethnal Green, Roman Road West and Watney Road Market. Improvements in the choice of drinking venues could be directed towards Roman Road East and West and Watney Market, where provision appears to under-served. However, new facilities would be dependent on the suitability of sites/premises, the surroundings, and licencing. Opportunities for new food and beverage provision should not be to the detriment of maintaining an appropriate balance of uses in the Borough's centres, particularly retail uses.
- 1.14 In terms of cinema provision, while Cineworld at West India Quay and Genesis are popular, the survey found that leakage to Vue in Stratford is particularly high in the west and northern parts of the Borough. With capacity identified for up to six new screens for the Borough, this highlights the opportunity to provide a new multiplex cinema for the Borough, which could draw back residents traveling to Stratford. A new cinema facility should ideally be provided within one of the Borough's district centres, which could form part of a town centre regeneration scheme. This would be dependent on the availability of sites and the level of market interest and demand from cinema operators.

## Retail Hierarchy Review

1.15 As part of this commission we have provided high level advice on potential changes to the retail hierarchy and the potential for new centres to support future housing in the Borough. Key recommendations include:

- **Canary Wharf** –potential to regrade the centre from a ‘Major’ to ‘Metropolitan’ centre status, which would help to strengthen the centre’s profile as a retail destination for the Borough.
- **Whitechapel** – given the level planned investment in the centre there is potential to designate Whitechapel as a Major Centre within the retail hierarchy. This would work in tandem with the designation of Canary Wharf as a Metropolitan Centre.
- **Redchurch Street** – there may be merit in designating Redchurch Street as a ‘specialist retail centre’ to take account of the mix of independent and luxury brand retailers currently located there.
- **Popular High Street** - investment and regeneration in the centre is likely to see increase demand for retail and services from nearby housing allocation sites. As such, there may be potential in the future for Popular High Street to be designated as a District Centre.
- **Columbia Road** - the centre does not function akin to tradition neighbourhood centres and largely caters to visitors on the weekend, particularly Sunday when the flower market is in operation. However, it remains an important retail destination and may benefit from a designation as a ‘Specialist Retail Area’, similar to Redchurch Street.
- **New neighbourhood centres** - the concentration of population growth in the above opportunity areas (OA) is likely to increase demand for local services in existing centres within or close to the areas. There is potential to support a new neighbourhood centre to serve the Poplar and Isle of Dogs OA and The Lower Lea Valley OA.

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