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Sunderland Retail Needs Assessment 2016

Sunderland City Council

Executive Summary and Recommendations

December 2016

HV094



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Contents

1	THE REQUIREMENTS OF THE NATIONAL PLANNING POLICY FRAMEWORK AND THE SCOPE OF OUR INSTRUCTIONS	1
2	RECENT AND FUTURE CHANGES IN RETAILING	3
3	SUNDERLAND CITY CENTRE HEALTH CHECK	5
4	HEALTH CHECKS FOR THE TOWN AND DISTRICT CENTRES	8
5	EXISTING SHOPPING PATTERNS	11
6	QUANTITATIVE AND QUALITATIVE RETAIL NEEDS	15
7	RECOMMENDATIONS FOR PRIMARY SHOPPING AREAS, TOWN CENTRE BOUNDARIES, DEVELOPMENT OPPORTUNITY AREAS AND AREAS IN NEED OF DIVERSIFICATION/IMPROVEMENT	20
8	OTHER RECOMMENDATIONS	27

1 THE REQUIREMENTS OF THE NATIONAL PLANNING POLICY FRAMEWORK AND THE SCOPE OF OUR INSTRUCTIONS

1.1 In January 2016, Sunderland City Council instructed hollissvincent to prepare the Sunderland Retail Needs Assessment 2016, so as to provide a robust evidence base to underpin the retail and town centre policies in the forthcoming Core Strategy development plan. The study forms part of a suite of research which seeks to establish the objectively assessed needs for housing, employment, retail and other main town centre uses up to the year 2035.

The Requirements of the National Planning Policy Framework

1.2 The National Planning Policy Framework (the NPPF, or the Framework) emphasises the primacy of the development plan as the statutory starting point for decision-making and it sets an overall objective of contributing to the achievement of sustainable development. The NPPF must be taken into account in the preparation of local plans and as a material consideration in planning decisions.

1.3 So far as the vitality of town centres is concerned, Paragraph 23 of the NPPF states that planning policies should promote competitive town centre environments and that, in drawing up local plans, local planning authorities should, amongst other things:

- define a network and hierarchy of centres that is resilient to economic change;
- define the overall extent of town centres and their primary shopping areas, based on a clear definition of primary and secondary frontages;
- promote competitive town centres that provide customer choice;
- allocate a range of suitable sites so that needs for retail leisure, office and other main town centre uses are met in full and not compromised by limited site availability; and
- recognise that residential development can play an important role in ensuring the vitality of centres and set out policies to encourage housing on appropriate sites.

The Scope of Our Instructions

1.4 The scope of our instructions has been determined by the requirements of the NPPF. The Specification comprises eleven elements, as follows:

- i) a résumé of recent and projected changes in the structure of the retail industry and the potential implications for the hierarchy of centres in Sunderland;
- ii) an analysis of current shopping patterns, using the findings of a bespoke telephone survey of households living within the administrative area of Sunderland and beyond;
- iii) an assessment of quantitative and qualitative needs for new/refurbished/redeveloped retail floorspace, at five-yearly intervals up to 2035;
- iv) an appraisal of the appropriateness, or otherwise, of the hierarchy of centres identified in Policy CS5.1 of the Council's consultation document of August 2013;
- v) an assessment of the overall health of the City Centre, taking into account the 10 indicators of vitality and viability incorporated in the National Planning Policy Guidance (the NPPG) and customer views, via a survey of pedestrians;
- vi) identification of the need for expansion, or contraction, of different parts of the City Centre and the need for any amendment to the City Centre Retail Core;
- vii) definition of the overall boundaries and primary shopping areas for the City Centre and the Town Centres of Washington and Houghton-le-Spring;
- viii) identification of areas within the City Centre and the two main Town Centres, which are likely to be suitable for accommodating new/refurbished retail floorspace, and areas where diversification of uses is most needed;
- ix) a review of the findings of England & Lyle's health check assessments for Washington and Houghton-le-Spring Town Centres and the six District Centres;
- x) an assessment of whether there are any parts of the identified centres where the concentration of non-retail uses is significantly adversely affecting their vitality and viability, with suggestions for appropriate policy mechanisms; and
- xi) an assessment of whether there is a need to set local thresholds for the purposes of analysis of the likely impact of edge- and out-of-centre retail proposals, against the requirements of the two tests set out in Paragraph 26 of the NPPF.

2 RECENT AND FUTURE CHANGES IN RETAILING

The Recession, E-Commerce and Retail Expenditure Growth

- 2.1 The Global recession, which started in 2008 and continued in the UK until the third quarter of 2012, together with the substantial growth in e-commerce, have had a very significant effect on town centres within the last six to seven years. Disposable incomes fell in the period 2009 to 2012, leading to lower levels of retail expenditure growth, closure of many well-known national retail businesses, increases in vacancies and a rise in the representation of charity shops, betting shops and discount retailers.
- 2.2 Thus, although expenditure growth in the comparison goods (non-food) sector over the past forty years has averaged 4.5%, per capita, per annum, Experian's forecast for the period from 2015 to 2026 is lower, at 3.1%, per capita, per annum.¹ Furthermore, in the convenience goods sector (food and groceries), Experian has reported ten consecutive years of negative growth in expenditure in the period 2006 to 2015, and its forecast for the period 2015 to 2026 is a positive of just 0.1%, per capita, per annum.
- 2.3 The lower levels of recent and projected growth in retail expenditure have been accompanied by a growing share of that expenditure being accounted for by e-commerce. Indeed, ONS data reveal that e-commerce represented only 2.7% of all retailing in 2007, whereas it had grown to 14.2% of all retailing by January 2016²; indeed, Experian projects that it will reach 17.8% by 2020 and 19.6% by 2035.

Consequences for Town Centres of Recent Change at National Level

- 2.4 These trends led the Government's Taskforce³ to conclude that many of the Nation's town centres are too dependent on their retail function and that, whilst retail development is an important element of a thriving town centre, it is not sufficient, so that there is a need to drive towards a new future where people come together in town centres for many different reasons. Indeed, the changing structure of the retail industry is reflected in a number of key trends that include:

1 Experian's Retail Planner Briefing Note 13, published in October 2015.

2 ONS Statistical Bulletin: Retail Sales, March 2016.

3 The Taskforce Report, *Beyond Retail*, November 2013.

- i) a decline in the proportion of retail spending accounted for by town centres, from 49% in 2000, to 42.5% in 2011, and with a projected fall to 39.8% by 2014⁴;
- ii) a decline in the shopping centre development pipeline, from around 400,000 sq.m gross per annum in the period 1998 to 2009, to around 160,000 sq.m per annum from 2010 to 2015, reflecting viability challenges, limited development finance and loss of appetite by institutions for risky, large-scale developments;
- iii) further polarisation, particularly in the comparison goods sector, with retailers seeking fewer, larger stores in higher order centres;
- iv) increasing demand for out-of-centre accommodation, in response to the growth of Click & Collect, and its associated parking demands;
- v) a massive cutback in the development of large food superstores on the part of Tesco, ASDA, Sainsbury's and Morrisons, as the four leading food retailers;
- vi) significant growth in market share for discount food retailers and in the market share of non-food value traders such as B&M Bargains, Poundland and so on; and
- vii) the proliferation of small format convenience stores, particularly under the Tesco Express and Sainsbury's Local fascias.

Implications for the Hierarchy of Centres in Sunderland

2.5 The recent and projected change in the structure of the retail industry have a number of key implications for the hierarchy of centres in Sunderland, these being:

- i) the need to move beyond retail, and promote better-balanced town centres, through diversification of uses;
- ii) the need for a more healthy night-time economy in the City Centre and in Washington Town Centre;
- iii) the need for some consolidation and contraction of the City Centre's Primary Shopping Area;

⁴ The Portas Review, December 2011.

- iv) the need for further diversification of uses in the City Centre's Secondary Frontages and in other parts of the wider City Centre;
- v) the need for partnership approaches (such as Siglion), so as to reduce risks associated with major development and combine the Council's assets with developer expertise, which is an approach that may be appropriate in seeking to bring forward the opportunity for mixed-use development at Houghton Colliery;
- vi) the need for a more proactive approach to Compulsory Purchase Orders, particularly on the remaining part of the Holmeside Triangle, following completion of the City Centre Campus for Sunderland College;
- vii) the need for further public realm improvements; and
- viii) the need to promote more jobs and housing within the overall City Centre Boundary and recognise the mutually beneficial linkages between jobs and people, and retail and leisure spending.

3 SUNDERLAND CITY CENTRE HEALTH CHECK

- 3.1 Our review of the current health of Sunderland City Centre is based on the ten health check indicators in the NPPG, a customer satisfaction survey undertaken by NEMS Market Research, analysis of retailer representation, consultations with key stakeholders, and a review of important documents such as the Economic Masterplan and the 3,6,9 Vision.

Positive Findings

Improved Diversity of Uses

- 3.2 There has been a massive programme of recent and ongoing investment that is improving the diversity of uses within the overall City Centre Boundary, as defined by Policy S2A of UDP Alteration No. 2; these include:
- the recent completion of the City Centre Campus for Sunderland College;
 - the ongoing investment in Sunderland University's Enterprise and Innovation Hub;
 - the Music, Arts and Culture Quarter Initiative;

- the recent Hilton Hotel (near the Stadium of Light), the proposed Holiday Inn (near Keel Square) and the proposed hotel-led redevelopment of the former Joplings store;
- office and residential led mixed-use development at the Vaux site;
- residential accommodation for students at Phoenix House (Union Street) and at Cassaton House (Fawcett Street); and
- phases 3 and 4 of the Bridges, which will incorporate retail and food & beverage uses.

Improved Public Realm

- 3.3 Recent, ongoing and planned investment in improvements to the public realm includes: the creation of Keel Square (completed); improvements to Market Square (completed); further improvements to High Street West (ongoing); and a major revamp of Sunderland Railway Station (planned).

Improvements to Accessibility

- 3.4 Improvements to accessibility include: the realignment of St Marys Way (completed); the new Wear Crossing, as part of phase 2 of the Sunderland Strategic Transport Corridor (ongoing); and improved pedestrian linkages between the Chester Road Campus of Sunderland University and the Primary Shopping Area, which will require breaking down the barrier caused by St Michaels Way (planned).

The Presence of Key Movers and Shakers

- 3.5 Our consultations revealed that many organisations have a strong interest in promoting the vitality and viability of the City Centre; these include: the Sunderland Business Group Partnership; the Business Improvement District (the BID) that has been operational since April 2014; the Sunderland Enterprise Growth Hub; and the Vibrancy Group, whose members (the Bridges Shopping Centre, Gentoo, Sunderland AFC, Sunderland BID, Sunderland College, Sunderland Live and the University of Sunderland) seek to help promote the City as a vibrant place in which to live, work, study and relax.
- 3.6 We note, also, the role of the Economic Leadership Board in developing the Economic Masterplan, the role of the MAC Trust in developing the MAC Quarter, and the role of Siglion (which is a Joint Venture between Carillion and Sunderland City Council, managed

by Igloo) in developing the office and residential led mixed-use development at the Vaux site, the leisure led mixed-use development at Seaburn and the major housing proposed at Chapel Garth. All of these groups are helping to raise Sunderland City Centre's profile and attractiveness, and are having a very positive impact on the City Centre's health.

Negative Findings

- 3.7 Nevertheless, our assessment of the City Centre's health has also identified a number of findings which are usually regarded as negatives, these being:
- a substantial fall in Zone A rents since 2008;
 - a high proportion of vacant floorspace which, at 15.4% in September 2015, was substantially above the UK average of 10.3%;
 - retailer representation which tends to be focussed on the mid/downmarket sectors, although the recent opening of the high-end Flannel's store is encouraging;
 - a distinct deficiency in high quality food and beverage establishments that are needed to attract higher spending customers and retain City Centre workers in the evenings;
 - an entirely inadequate residential population base, which is estimated to amount to less than 2,000 people within the overall City Centre Boundary;
 - a decline in perceptions of safety and perceived increase in occurrence of crime, although the crime data is inconclusive (hence the underlining);
 - a scarcity of jobs, which the Economic Masterplan considers has hindered the development of better shopping and leisure facilities;
 - a decline in the proportion of retained comparison goods expenditure, as a result of a growth in e-commerce and growing levels of expenditure leakage to higher order centres, particularly to Newcastle City Centre and the Metro Centre; and
 - very high levels of leakage of food and drink expenditure to Newcastle City Centre and a high level of leakage of commercial leisure expenditure to the Metro Centre.

Prognosis

- 3.8 We consider that there are three key drivers which bode well for the future health of Sunderland City Centre, these being:
- i) the massive level of recent and ongoing investment in projects which will help to diversify and improve the City Centre's performance in the education, office, residential, cultural, community and leisure/tourism sectors;
 - ii) the strength and range of the business groups and public/private partnership initiatives formed in recent years; and
 - iii) the anticipated increase in jobs and residents within the wider City Centre, as a result of the ongoing mixed-use development projects at the Vaux and Farringdon Row sites, and as a result of refurbishment/conversion of existing premises.
- 3.9 As a consequence of these drivers, we anticipate a marked improvement in the provision of facilities and attractions that will:
- entice a higher income demographic to the City Centre, both in terms of visitors and residents;
 - lead to a noticeable improvement in investor, developer and operator confidence;
 - lead to a reduction in the quantum of vacant floorspace; and, ultimately
 - a discernible improvement in Sunderland City Centre's overall health.
- 3.10 However, this positive prognosis is heavily dependent on the production of an up-to-date and robust development plan which incorporates a strong and clear vision for the City Centre. Subject to this caveat, we anticipate that the strengths and opportunities within the City Centre can outweigh and overcome existing weaknesses and future threats.

4 HEALTH CHECKS FOR THE TOWN AND DISTRICT CENTRES

Introduction

- 4.1 We have reviewed the findings of England & Lyle's report to the Council of January 2015, concerning the health of Washington and Houghton-le-Spring Town Centres, and the health of the six District Centres identified in Policy CS5.1 of the Council's August 2013

consultation document. We have also commissioned NEMS to undertake customer satisfaction surveys in the Town Centres of Washington and Houghton.

Washington Town Centre

4.2 We concur with England & Lyle's conclusions to the effect that:

- Washington is performing relatively well, and that it is a vital and viable town centre;
- ASDA and Sainsbury's play a key role as anchor traders;
- there is a strong representation of national multiple comparison retailers;
- there is a good representation of financial and professional services;
- there is a low vacancy rate, and that
- the Town Centre accommodates a number of community and leisure uses (including AMF Bowling, Gala Bingo, the Library, the Health Centre and the Leisure Centre).

4.3 These findings reflect the substantial capital investment made by Prudential (M&G Real Estate) since it acquired the Galleries in 1990. Our own planning judgment is that Washington continues to enjoy a reasonably good level of health, which is borne out by:

- the persistently low vacancy rate, albeit that this reflects, in part, M&G's ability (at a cost to investment performance) to be innovative and flexible in relation to tenancies;
- the high and, until very recently, growing levels of pedestrian footfall;
- the busyness of the main car parks, whilst noting that these car parks also serve approximately 3,000 workers in the Town Centre;
- the very good accessibility by a range of means of transport;
- the well-managed, self-contained nature of the Galleries, under one ownership;
- the fact that the two key food superstore anchors generate substantial spin off expenditure for other retail and service traders;
- the high levels of multiple representation (75 out of the 131 retail/service units);
- the good representation in most of the comparison goods sectors;
- the good range of business services and improving food & drink offer;
- the good range of other town centre uses; and
- the sheltered, clean and safe nature of the environment.

- 4.4 The healthy nature of the Town Centre is reflected in the best customer satisfaction ratings from the NEMS surveys, with Washington having a mean score of 4.40 (on a scale of 1.0 for highly dissatisfied, to 5.0 for highly satisfied), compared to mean scores for the City Centre and Houghton-le-Spring of 3.41 and 3.49, respectively.
- 4.5 Our consultation with Prudential/M&G suggests, however, that it is concerned about competition from higher order centres (Newcastle and the Metro Centre) and competition from out-of-centre destinations generally, such as Team Valley, the Peel Centre and Dalton Park. Indeed, Zone A rents are reported to have declined by 20% since 2008 and, in the past two years, there has been a slight reduction in footfall.
- 4.6 Nevertheless, most of health check indicators are positive and customer satisfaction ratings are high. We have no hesitation, therefore, in concluding that Washington is performing relatively well and that it is a vital and viable Town Centre.

Houghton-le-Spring Town Centre

- 4.7 We concur with England & Lyle's conclusions to the effect that Houghton-le-Spring:
- is moderately healthy, but showing some signs of weakness;
 - serves as a localised convenience shopping centre, but as the main administrative centre for the Coalfield, so that there is a strong representation of financial and professional services, together with various community and leisure uses;
 - is very accessible by bus and by car;
 - lacks a main foodstore, although this is being rectified, in part, by the ongoing development for a new Lidl store, which is bigger than the Co-op store it is replacing;
 - has a limited comparison goods sector offer, with particularly poor representation in men's and women's clothing;
 - requires environmental enhancement works and investment in some of the Town Centre's "tired-looking" buildings; and that
 - Houghton performs a much-reduced shopping function, compared to Washington, despite being at the same level in the draft Policy CS5.1 hierarchy.

The District Centres

- 4.8 Table 4.1 summarises the findings in relation to the health of the six District Centres, comparing Roger Tym & Partners' conclusions of September 2009, with England & Lyle's conclusions of January 2015 and hollissvincent's conclusions of June 2016.

Table 4.1: Comparison of Appraisals of the Health of the Six District Centres

District Centre	Roger Tym & Partners, Sept 2009	England and Lyle, Jan 2015	hollissvincent, June 2016
Concord	Healthy	Healthy	Healthy
Sea Road, Fulwell	Healthy	Healthy	Healthy
Hetton	Showing some signs of weakness	Vulnerable, showing acute signs of weakness	Moderately Healthy, but showing some signs of weakness
Southwick Green	Showing significant signs of weakness	Moderately Healthy with signs of weakness	Moderately Healthy, but showing more pronounced signs of weakness
Chester Road	Showing some signs of weakness	Healthy	Healthy, but showing some signs of weakness
Doxford Park	Showing some signs of weakness	Moderately Healthy with signs of weakness	Healthy

5 EXISTING SHOPPING PATTERNS

Introduction

- 5.1 Our assessment of existing shopping patterns is derived from a telephone survey undertaken by NEMS Market Research in February 2016, across an area that includes the whole of the administrative area of Sunderland, together with parts of Durham, Gateshead and South Tyneside. The survey area has an estimated population of 453,000.

Comparison Goods (Non-Food) Spending Patterns

- 5.2 Table 5.1 sets out a summary of comparison goods spending patterns; it shows that:
- £272m of the comparison goods expenditure of survey area residents flows to Sunderland City Centre, which represents 38% of retained expenditure;
 - £111m of the comparison goods expenditure flows to Washington, most of which is drawn from residents of the Washington urban area/northern part of the Coalfield;
 - only £9m of the comparison goods expenditure of survey area residents flows to Houghton-le-Spring Town Centre;

- Sunderland’s District Centres, in aggregate, account for £26m, whilst Sunderland’s Local Centres, in aggregate, account for £24m; and that
- retail parks and freestanding stores collectively account for £171m of the comparison goods expenditure, which is almost a quarter of the retained expenditure.

Table 5.1: Comparison Goods Expenditure Destinations (derived from NEMS Survey of February 2016)

Destinations	Comparison Goods Turnover £m	Total Market Share %	Share of Retained Expenditure %
Sunderland City Centre	272.1	19.1%	38.3%
Washington Town Centre	111.3	7.8%	15.7%
Houghton-Le-Spring Town Centre	8.7	0.6%	1.2%
Sub-Total for District Centres in Sunderland	26.3	2.0%	3.7%
Sub-Total for Local Centres in Sunderland	23.6	1.7%	3.3%
Sub-Total for Retail Parks/Freestanding Stores	171.3	12.1%	24.1%
All Other Destinations Within Primary Catchment Area	96.7	6.7%	13.6%
OVERALL TOTAL WITHIN SURVEY AREA	710.0	49.8%	100.0%
Leakage from overall survey area and SFT	715.8	50.2%	
TOTAL COMPARISON GOODS EXPENDITURE	1,425.8	100.0%	

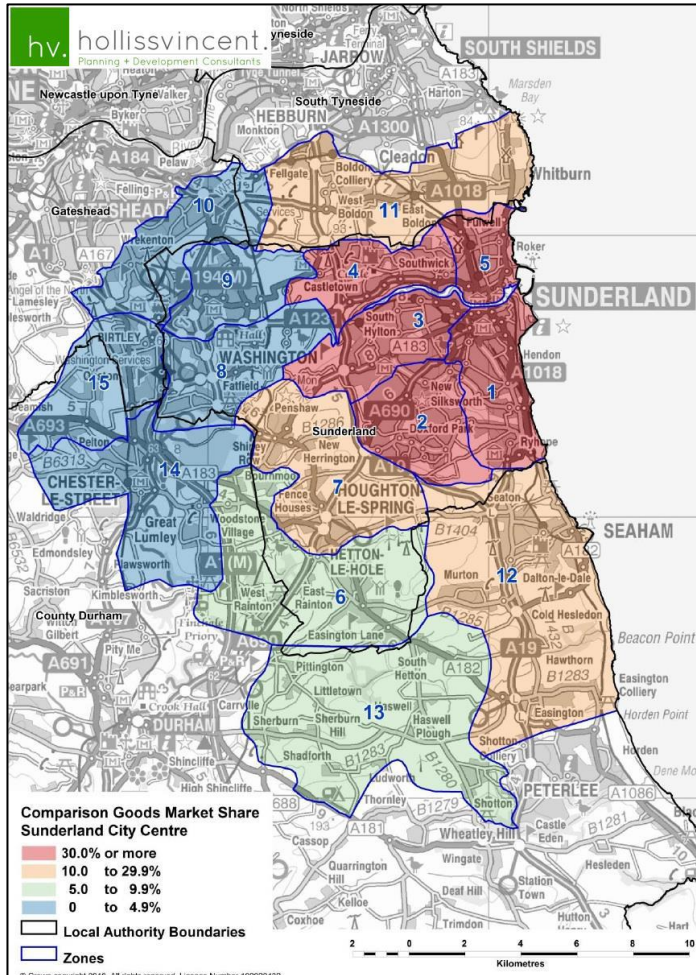
5.3 Overall, therefore, only 50% of the comparison goods expenditure of residents of the survey area is spent in centres and stores located within the survey area. This represents a reduction from the 56% retention level suggested by the NEMS survey of 2008, which was used to underpin the Roger Tym & Partners study. The two main reasons for the reduction in expenditure retention (or increase in expenditure leakage) are:

- i) the growth in e-commerce, which now accounts for £213m (30% of leakage); and
- ii) the polarisation trend, whereby the higher order centres are gaining in market share, with comparison goods expenditure leakage to Newcastle City Centre increasing from £102m in 2008, to £136m in 2016, and with expenditure flows to the Metro Centre increasing from £87m in 2008, to £123m in 2016.

5.4 It is particularly noteworthy that Sunderland City Centre’s estimated comparison goods turnover has fallen from £335m in 2008 to £272m in 2016, a fall of 19%. Indeed, Figure 5.1 shows that Sunderland City Centre’s comparison goods market share is in excess of

30% in only 5 of the 15 survey zones, these being synonymous with the core urban areas of Sunderland North, the City Centre and Sunderland South.

Figure 5.1: Sunderland City Centre’s Percentage Market Shares for Comparison Goods



Convenience Goods (Food and Groceries) Spending Patterns

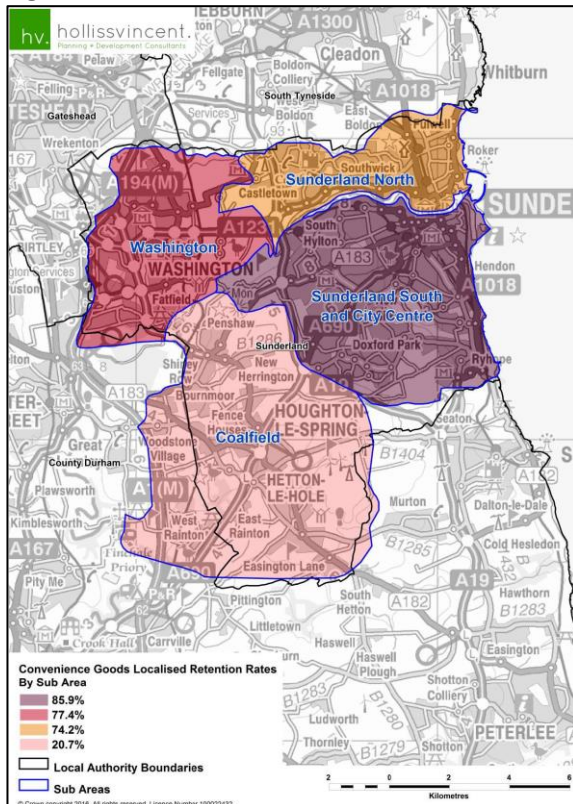
- 5.5 Table 5.2 sets out a summary of convenience goods spending patterns; it shows that:
- only £33m of the convenience goods expenditure of survey area residents flows to Sunderland City Centre, which represents just 5% of retained expenditure;
 - £118m of the convenience goods expenditure of survey area residents flows to Washington Town Centre, reflecting the key role played by the Sainsbury’s and ASDA food superstore anchors;
 - only £10m of the convenience goods expenditure of survey area residents flows to Houghton-le-Spring Town Centre, although this will improve when Lidl opens;

- Sunderland’s District Centres, in aggregate, account for £73m of convenience goods expenditure, almost two thirds of which is accounted for by Morrisons at Doxford Park, whilst Sunderland’s Local Centres, in aggregate, account for £22m; and that
- the twelve freestanding superstores and food discount retailers collectively account for £247m of the convenience goods expenditure of survey area residents, which represents 35% of the retained convenience goods expenditure.

Table 5.2: Convenience Goods Expenditure Destinations (derived from NEMS Survey of February 2016)

Destinations	Convenience Goods Turnover £m	Total Market Share %	Share of Retained Expenditure %
Sunderland City Centre	32.8	3.8%	4.6%
Washington Town Centre	117.5	13.6%	16.5%
Houghton-Le-Spring Town Centre	9.5	1.1%	1.3%
Sub-Total for District Centres in Sunderland	73.3	8.5%	10.3%
Sub-Total for Local Centres in Sunderland	22.3	2.6%	3.1%
Sub-Total for Freestanding Superstores/Discount Foodstores	246.6	28.5%	34.7%
All Other Destinations Within Primary Catchment Area	209.4	24.2%	29.4%
OVERALL TOTAL WITHIN SURVEY AREA	711.4	82.2%	100.0%
Leakage from overall survey area and SFT	154.8	17.9%	
TOTAL COMPARISON GOODS EXPENDITURE	866.2	100.0%	

- 5.6 Overall, some 82% of the convenience expenditure of residents of the survey area is retained by town centres and freestanding stores within the survey area. This is a healthy retention rate and remains the same as in 2008. Furthermore, Special Forms of Trading (SFT), or e-commerce, accounts for only 2% of convenience goods expenditure, and the main leakage destinations are Durham City Retail Park, Team Valley Retail Park, Gateshead Town Centre, Arnison District Centre and the ASDA store at Peterlee.
- 5.7 Figure 5.2 shows that the localised retention rate for Sunderland North is much-improved (74%), compared to the situation which prevailed in 2008, when the localised retention rate for Sunderland North was just 51%; this reflects the development of the Tesco superstore at Sunderland Retail Park, the Sainsbury’s store at Wessington Way and the Aldi store at Carley Hill, near Southwick Green.

Figure 5.2: Localised Convenience Goods Retention Levels by Core Strategy Sub-Area

- 5.8 However, the localised convenience goods retention rate in the Coalfield, at 21%, is unacceptably low. This will be improved when the Lidl store, which is under construction at Houghton-le-Spring, and the commitment for a foodstore at Philadelphia, become operational. There is, however, a qualitative need for an additional medium-sized supermarket in the Coalfield, with Houghton Colliery being the most appropriate location for such a store.

6 QUANTITATIVE AND QUALITATIVE RETAIL NEEDS

- 6.1 Our assessment of quantitative need has a forward-looking timeframe to 2035. However, much of the need in the comparison goods sector arises after 2025, because of the exponential nature of expenditure growth. As a consequence, the quantum of need identified after 2025 should be treated with some degree of caution.

Quantitative Need in the Comparison Goods Sector

- 6.2 Table 6.1 sets out our assessment of quantitative need in the comparison goods sector, under a **base population forecast scenario** (i.e. based on the ONS year 2012 sub-national projections), and under three assumptions with respect to the expenditure retention

level – decline, static and uplift. Table 6.1 reveals a negative comparison goods expenditure residual over the next five years, which reflects the fact that the comparison goods turnover requirements of commitments, combined with the projected growth in e-commerce and the growth in the floorspace efficiency of existing comparison goods retailers are considered to be in excess of the projected growth in retained expenditure, under all three retention scenarios.

Table 6.1: Summary of Quantitative Need in the Comparison Goods Sector for the Sunderland Survey Area as a Whole (sq.m gross), under the Base Population Scenario

	Decline in Retention	Static Retention	Uplift in Retention
	Sq.m gross	Sq.m gross	Sq.m gross
2015-2020	-8,100	-5,900	-1,400
2020-2025	10,900	13,700	19,400
2025-2030	14,600	18,100	25,200
2030-2035	20,100	24,500	33,400
2015-2025	2,800	7,800	17,900
2015-2035	37,500	50,500	76,500

- 6.3 There is, however, a positive quantitative need over the next ten years, up to 2025, in the range 2,800 sq.m gross to 17,900 sq.m gross, depending on the retention level assumption. Moreover, quantitative need in the comparison goods sector over the next twenty years rises, exponentially, to between 37,500 sq.m gross and 76,500 sq.m gross, with a requirement of 50,500 sq.m gross under the static retention level assumption.
- 6.4 We have also undertaken a **sensitivity testing**, based on a higher population forecast, that is consistent with the objectively assessed need for housing set out in the Council's Strategic Housing Market Analysis Update, of March 2016 (the SHMA). Under the static retention assumption, this sensitivity test increases the quantum of comparison goods need to 58,100 sq.m gross by 2035, compared to 50,500 sq.m, under the base scenario.

Geographical Distribution of Need in the Comparison Goods Sector

- 6.5 The geographical distribution of need in the comparison goods sector, under a constant market share assumption, is set out in Table 6.2. A reasonable alternative distribution, which varies the market shares for each sub-area, whilst keeping the same aggregate retention level for the survey area as a whole, is set out in Table 6.3.

Table 6.2: Distribution of Comparison Goods Net Gain in Occupied Floorspace Need by Core Strategy Sub-Area based on Constant Market Shares

Zones	Sub-Area (Approximately)	Percentage Share	Net Gain in the Occupied Comparison Floorspace Stock Sq.m Gross
1, 2 and 3	Sunderland South and City Centre	55.7%	28,100
4 & 5	Sunderland North	7.5%	3,800
6 & 7	Coalfield	2.1%	1,100
8 & 9	Washington	19.3%	9,700
Sub-Total for SCC	Sunderland City Council Area	84.6%	42,700
10 to 15	Outside the admin area of SCC	15.4%	7,800
Overall Total	Overall Survey Area	100.0%	50,500

Table 6.3: Reasonable Alternative Distribution of Comparison Goods Net Gain in Occupied Floorspace Need by Core Strategy Sub-Area (But Again with a Constant Aggregate Retention)

Zones	Sub-Area (Approximately)	Percentage Share	Net Gain in the Occupied Comparison Floorspace Stock Sq.m Gross
1, 2 and 3	Sunderland South and City Centre	52.5%	26,500
4 & 5	Sunderland North	7.5%	3,800
6 & 7	Coalfield	5.0%	2,500
8 & 9	Washington	25.0%	12,600
Sub-Total for SCC	Sunderland City Council Area	90.0%	45,400
10 to 15	Outside the admin area of SCC	10.0%	5,100
Total	Overall Survey Area	100.0%	50,500

- 6.6 In round terms, therefore, we consider that there is a need to plan for a net gain in the comparison goods retail stock in the City Centre of at least 26,000 sq.m gross. In Washington, there is a need to provide for a net gain in the comparison goods retail stock of between 10,000 sq.m gross and 13,000 sq.m gross. In the Coalfield, there is a need to provide for an uplift in the occupied comparison goods retail stock of up to around 2,500 sq.m gross, and in Sunderland North there is a need to provide for an uplift in the comparison goods retail stock of up to around 4,000 sq.m gross.

Quantitative Need in the Convenience Goods Sector

- 6.7 There is no quantitative need in the convenience goods sector across the survey area as a whole. This is because the projected growth in retained convenience goods expenditure,

of £42.2m, is more than outweighed by the 'claims' on that expenditure in the form of existing commitments (£100.6m) and expected growth in e-commerce/SFT.

- 6.8 Across the survey area as a whole, therefore, there is an excess supply in convenience goods floorspace. This does not mean that there should be no foodstore development over the next twenty years, because there will still be localised gaps in foodstore provision, sometimes in deprived areas, and because some existing stores will need to be replaced or refurbished. Furthermore, there is a generalised gap in convenience goods provision in the Coalfield, where there is scope for a further medium-sized supermarket, and with Houghton Colliery being the most suitable location for such a store.

Qualitative Retail Need

Sunderland City Centre

- 6.9 There is considerable scope and need for Sunderland City Centre to improve its performance as a sub-regional centre by increasing its comparison goods market share amongst those resident outside the core urban areas of Sunderland North and Sunderland South. This will require improvement in the quality of retailer representation in the City Centre, so as to reduce, or claw back, some of the expenditure leakage which currently flows to Newcastle and the Metro Centre. Indeed, stakeholder consultees mourned the loss of the Binns and Joplings department stores, and called for more fashion retail in general. The attraction of a new major fashion and homeware retailer to phase 3 of the Bridges will certainly help.
- 6.10 There is also a qualitative need for improvements in the City Centre's family leisure facilities and in its food & beverage offer, so as to persuade more people to remain in, or visit, the City Centre in the evening. Indeed, the NEMS telephone survey suggests that the City Centre is the primary destination for pubs/bars/nightclubs for only 15% of the respondents across the survey area as a whole, and that the City Centre is the primary restaurant/café destination for only 26% of the respondents. This finding reflects very high levels of leakage of food & beverage expenditure to Newcastle City Centre.

- 6.11 So far as retail property development is concerned, the focus should be on the redevelopment/refurbishment/remodelling of the existing retail stock, including the upper level of the Bridges Shopping Centre. There is no qualitative need for a new shopping mall, and the focus should be on:
- better linkages between the Bridges and the remainder of the City Centre;
 - a reduction in long-term vacant floorspace, together with some consolidation and contraction of the City Centre’s Primary Shopping Area; and
 - diversification of uses in the City Centre’s Secondary Frontages and elsewhere within the overall City Centre Boundary, as defined by Figure 2 of UDP Alteration No. 2.

Washington Town Centre

- 6.12 There are fewer obvious qualitative needs within Washington Town Centre, following the substantial investment made by the Prudential/M&G since it acquired the Galleries in 1990. Nevertheless, we have identified qualitative need to:
- promote the delivery of the extant planning permission for a new cinema and associated food & beverage uses; and
 - improve the comparison offer in Washington Town Centre by securing representation from retailers such as Primark, River Island, TK Maxx, Top Man, Top Shop, Waterstones, Dorothy Perkins and WH Smith – all of which are present in one or more of Washington’s comparator centres (which are Stockton, Hartlepool and Durham).

Houghton-le-Spring Town Centre

- 6.13 Houghton performs well as the main administrative centre of the Coalfield, but its retail function is limited, with very high levels of expenditure leakage in both the food and non-food sectors to locations in Washington, Durham, the Metro Centre, Newcastle and Doxford Park. The main qualitative requirements are for a further foodstore (in addition to Lidl) and a need for more clothing retailers.

7 RECOMMENDATIONS FOR PRIMARY SHOPPING AREAS, TOWN CENTRE BOUNDARIES, DEVELOPMENT OPPORTUNITY AREAS AND AREAS IN NEED OF DIVERSIFICATION/IMPROVEMENT

7.1 Our recommendations with respect to the geographical definition of Primary Shopping Areas, overall Town Centre Boundaries, development opportunity areas and areas in need of diversification/improvement, in each of the three main centres, derive from: our fieldwork, our consultations with stakeholders, Experian/Goad mapping, and the previous boundary definitions set out on the Proposals Maps of the Unitary Development Plan, and in Figure 2 of UDP Alteration No. 2.

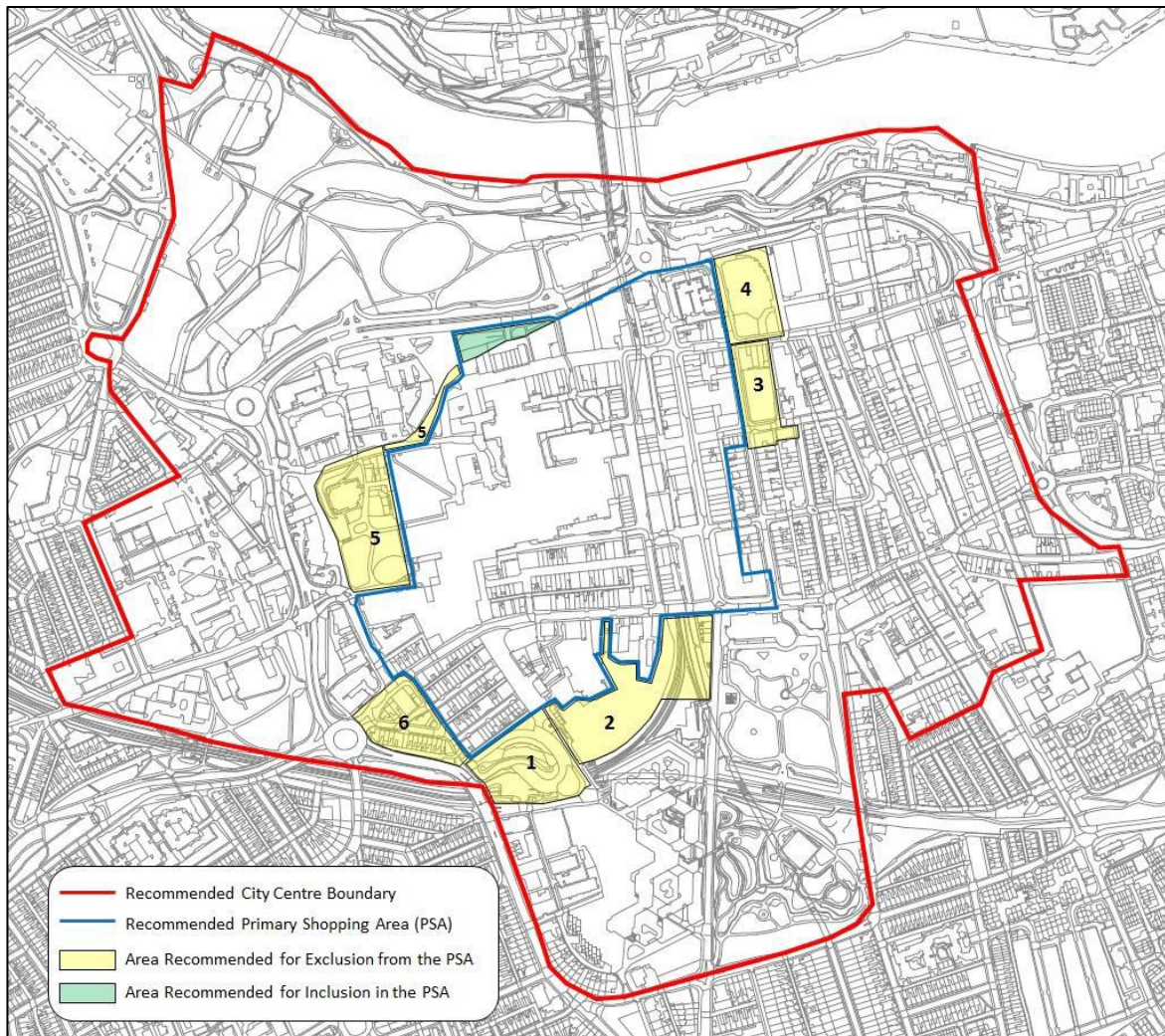
Primary Shopping Area and Overall City Centre Boundary

7.2 The definition of Primary Shopping Areas is particularly important, because it defines 'edge-of-centre' locations for retail development purposes. Our recommended Primary Shopping Area (PSA) for Sunderland City Centre is shown in Figure 7.1; this shows six exclusions, compared to the 'Retail Core' defined in Figure 2 and Policy S2A of UDP Alteration No. 2, none of which offer scope for any material level of retail development, and one addition reflecting the realignment of St Marys Way. The exclusions are:

1. the Transport Interchange;
2. the City Centre Campus of Sunderland College;
3. the former Joplings department store and its immediate surroundings;
4. the Empire Cinema and adjoining food & beverage uses;
5. St Michael's Church and Town Park; and
6. the Mary Street triangle to the west of Stockton Road.

7.3 Figure 7.1 also shows our recommended overall City Centre Boundary, which is the same as the City Centre Boundary defined in Figure 2 and Policy S2A of UDP Alteration No. 2.

Figure 7.1: Recommended Definition of Sunderland City Centre's Primary Shopping Area and the Overall Extent of the City Centre Boundary

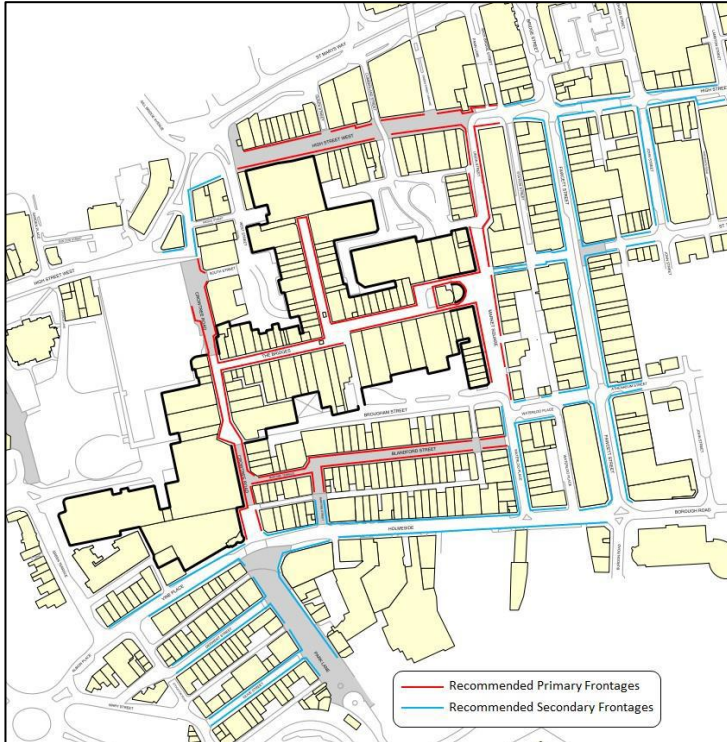


Primary and Secondary Frontages in Sunderland City Centre

7.4 Figure 7.2 shows our recommendations with respect to the Primary and Secondary Frontages within the City Centre. The definition of these Frontages is important in relation to the operation of our subsequent recommendations for controlling non-retail and food takeaway uses.

7.5 The Primary Frontages include all those within, and leading to, the Bridges, together with the western half of High Street West and Blandford Street. The Secondary Frontages include the remainder of High Street West, Fawcett Street, the northern end of John Street, St Thomas Street, Waterloo Place, Athenaeum Street, Holmeside, Park Lane, Vine Place, Derwent Street and Olive Street.

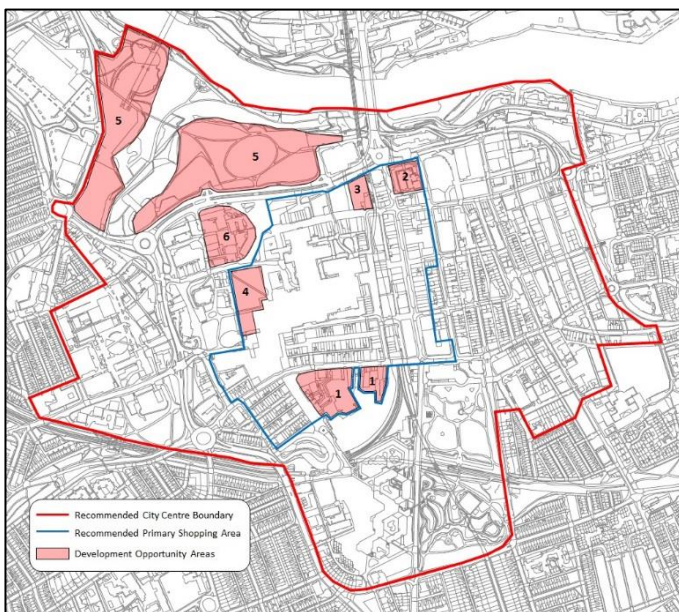
Figure 7.2: Recommended Primary and Secondary Frontages within Sunderland City Centre



Development Opportunity Areas and Areas in Need of Diversification

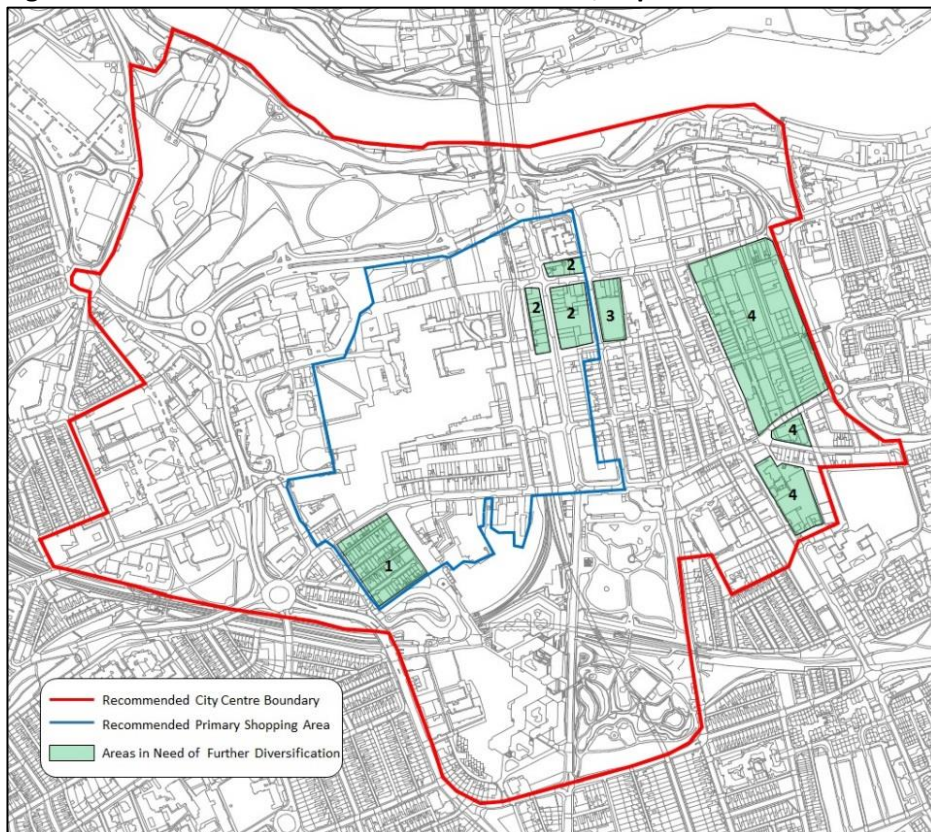
7.6 Figure 7.3 shows the main development opportunities within the City Centre Boundary and within the Primary Shopping Area. The main opportunities include: the remainder of Holmeside; the Bridge House site; the former BHS and JJB premises; phases 3 and 4 of the Bridges Centre; the Vaux site; Farrington Row/Galleys Gill; and the MAC Quarter.

Figure 7.3: The Main Development Opportunity Areas within Sunderland City Centre



- 7.7 Figure 7.4 sets out the main areas in need of diversification and improvement within Sunderland City Centre; these are: the Park Lane shopping Area; Fawcett Street to the north of St Thomas Street, including vacant properties at Mackeys Corner; the former Joplings store; and Sunnyside, to the east of Norfolk Street.

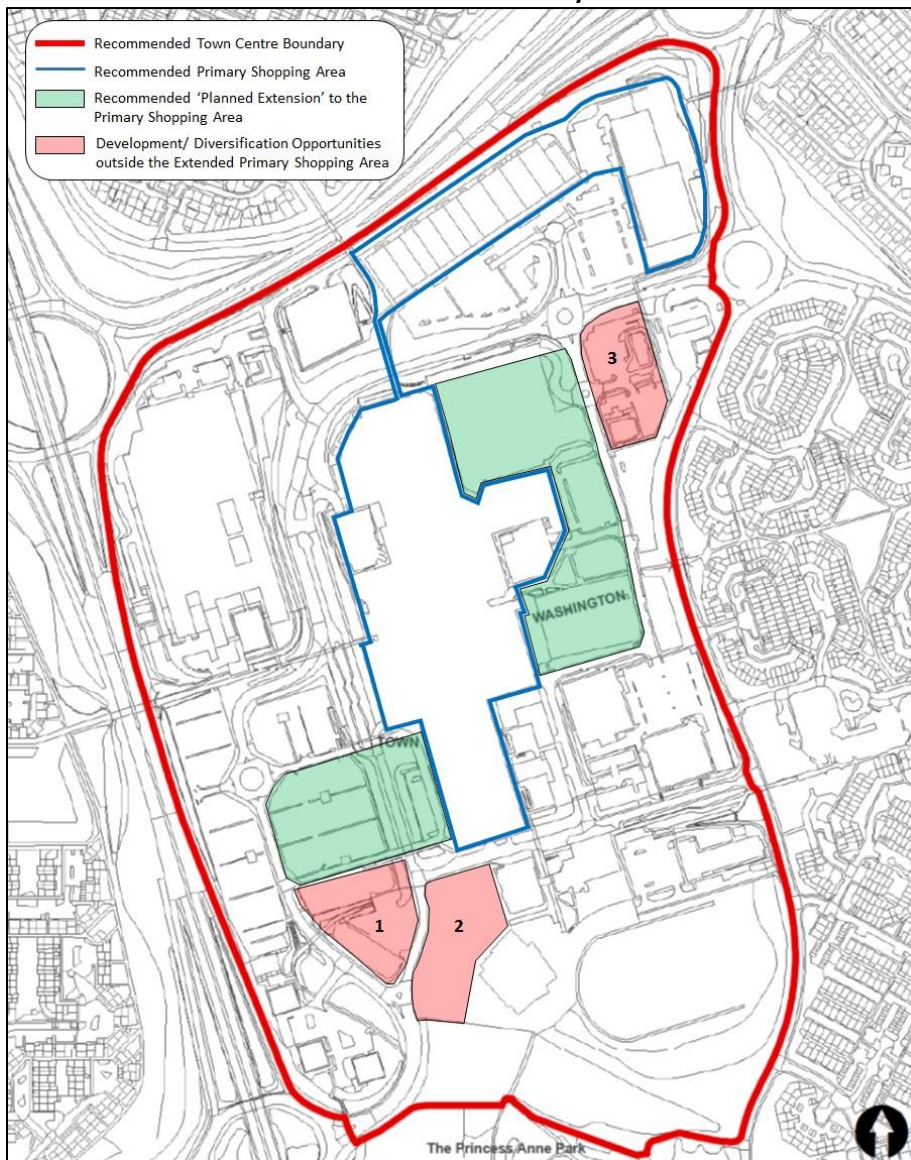
Figure 7.4: Main Areas in Need of Diversification/Improvement within the City Centre



Primary Shopping Area in Washington Town Centre

- 7.8 The 'Main Shopping Area' shown on the UDP Inset Plan for Washington Town Centre includes the Galleries Shopping Centre and part of the Western Car Parks, but this definition pre-dates the introduction of the term 'Primary Shopping Area' (PSA), which only came into place with the publication of PPS6 in 2005. Thus, our recommended definition of the existing PSA in Washington, as shown edged in blue in Figure 7.5, includes the Galleries Retail Park, but it excludes any part of the Western Car Parks. Nevertheless, in order to meet the retail need that we have identified, it is clear that there is a need to plan for extensions to the PSA, and our recommended extensions include parts of the Western and Eastern Car Parks, as shaded green in Figure 7.5.

Figure 7.5: Recommendations with respect to the Definition of Washington Town Centre's Primary Shopping Area, 'Planned Extensions' to the Primary Shopping Area, other Development Opportunity Areas and the Overall Extent of the Town Centre Boundary



Washington Town Centre Boundary and Development Opportunities

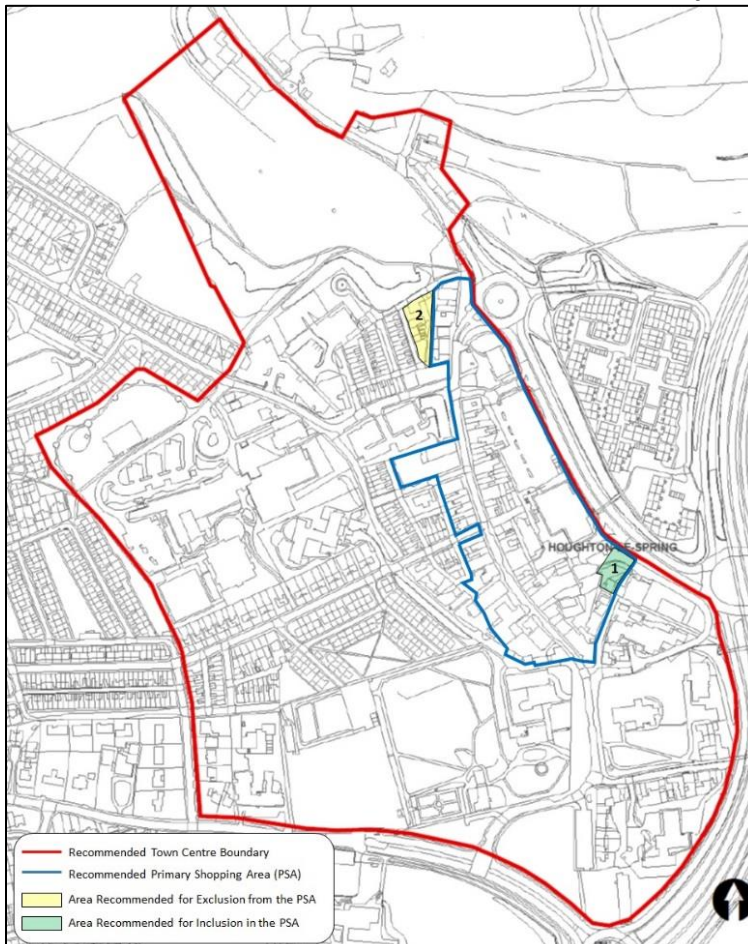
7.9 Figure 7.5 identifies the overall Town Centre Boundary for Washington (edged in red), which is unchanged from the Proposals Map of the UDP, together with three development opportunity areas outside the extended PSA, shaded in pink. The latter comprise the site of the extant permission for a multi-screen cinema and associated food & beverage units; an area of land in M&G's ownership which is located between the proposed cinema and the Council's Washington Leisure Centre; and the site currently

occupied by KFC and Frankie and Benny's, which would seem to offer scope for more intensive development for a variety of main town centre uses.

Primary Shopping Area in Houghton Town Centre

- 7.10 Our recommended definition of the Primary Shopping Area in Houghton-le-Spring is shown edged in blue in Figure 7.6. Compared to the definition on the Inset Plan of the UDP, we recommend one addition (shaded green) and one deletion (shaded yellow). The addition represents a rounding off, to include an area which is not currently utilised to its full potential, and which forms part of a wider development opportunity, whereas the deletion represents an area which is primarily in residential use.

Figure 7.6: Recommended Definition of Houghton-le-Spring Town Centre's Primary Shopping Area and the Overall Extent of the Town Centre Boundary

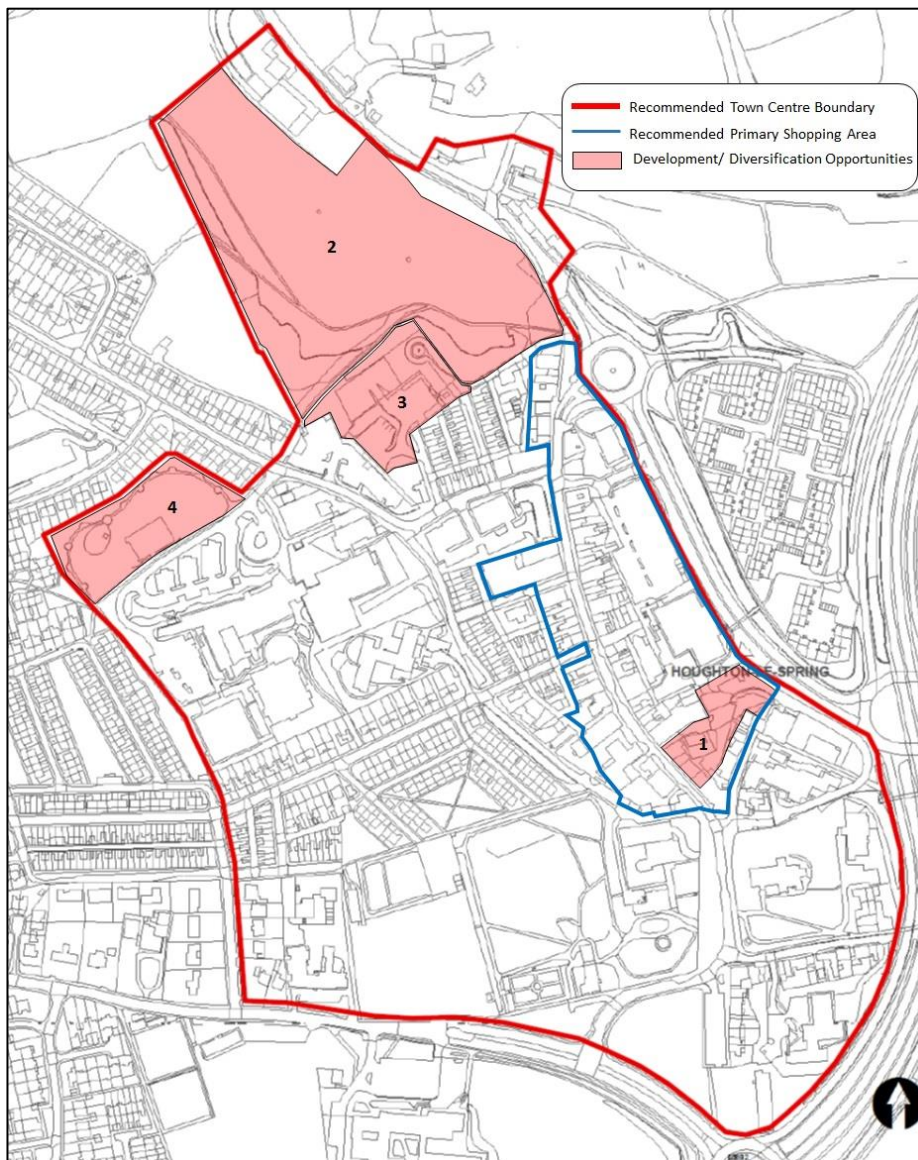


Houghton Town Centre Boundary and Development Opportunities

- 7.11 Figure 7.7 shows our recommended overall boundary for Houghton-le-Spring Town Centre, which is the same as that shown on the UDP Inset Map. Figure 7.7 also shows

four main development opportunity areas, one of which is within the PSA, with the others representing edge-of-centre opportunities within the overall Town Centre Boundary. The development opportunity within the PSA may require a CPO Procedure and it also faces the constraint of being within the St Michael's Conservation Area. The edge-of-centre opportunities have long been identified, under Area Proposals HA31 and HA32 of the UDP. These comprise the Houghton Colliery site, which has potential for a range of town centre uses, including a small to medium-sized supermarket; the area identified by Area Proposal HA31(2), which appears to be most suitable for residential development; and part of the area previously covered by Area Proposal HA32.

Figure 7.7 The Main Development/Diversification Opportunity Areas within Houghton Town Centre



8 OTHER RECOMMENDATIONS

Network, Hierarchy and Role of Centres

- 8.1 The network and hierarchy of centres set out in Policy CS5.1 of the Council's August 2013 consultation document is, with a couple of exceptions, appropriate. Sunderland City Centre is clearly top of the hierarchy, with a retail turnover of over £300m, and providing for a range of civic, cultural, educational, commercial and leisure functions. Washington Town Centre is clearly the second centre within the administrative area of Sunderland, with a retail turnover of £230m, and a range of non-retail functions. However, Washington's influence is limited, in the main, to the urban area of Washington and the northern part of the Coalfield. Houghton Town Centre is the main administrative centre for the Coalfield, but it provides only a localised role for convenience shopping and day-to-day services, and it has a very limited comparison goods offer.
- 8.2 So far as the District Centres are concerned, we recommend the removal of the distinction between '*Major District Centres*' and '*District Centres*'. So far as the Local Centres are concerned, we recommend the 'promotion' of Monkwearmouth from Local Centre to District Centre (but with a need for the Retail Park to be better integrated to the remainder of the centre), and the 'relegation' of Thorndale Road Local Centre to a Neighbourhood Parade of purely local significance (meaning that Thorndale Road would no longer enjoy policy protection under the NPPF).

Strategy for Meeting Retail Needs

Sunderland City Centre

- 8.3 We recommend that the emerging plan seeks to provide for a net gain in the occupied comparison goods retail stock within the City Centre of around 26,000 sq.m gross by 2035, but with much of this need arising after 2025. The focus should be on the development and diversification opportunities shown in Figures 7.3 and 7.4, and a reduction in the stock of vacant premises. The potential of the upper floor levels of the Bridges should also be investigated. In the convenience goods sector, there is a

qualitative need for provision of convenience stores of the type operated under the Sainsbury's Local and Tesco Express fascias.

Washington Town Centre

- 8.4 The emerging plan should seek to provide for an increase in the occupied comparison goods retail stock in Washington of between 10,000 sq.m and 13,000 sq.m gross, with much of the need arising after 2025. It is clear, therefore, that there is a need to plan for extensions to the PSA, which, inevitably, means the redevelopment of parts of the Western and Eastern Car Parks. However, that there are no currently available opportunities, and it is clear that any redevelopment is likely to involve expensive multi-level replacement parking and necessitate clever design solutions, so as to integrate new development with the Galleries, whilst avoiding unacceptable levels of disruption.

Sunderland North

- 8.5 We recommend that the emerging plan seeks to provide for an uplift in the occupied comparison goods retail stock of around 4,000 sq.m gross, with opportunities likely to focus in Seaburn, Monkwearmouth and Southwick Green.

The Coalfield

- 8.6 There would appear to be limited scope, or need, for further comparison goods floorspace in the Coalfield, but there is an opportunity to incorporate some comparison goods provision within a mixed-use scheme at the Colliery site. The uplift in the occupied comparison goods stock is unlikely to exceed 2,500 sq.m gross.

Local Impact Thresholds

- 8.7 The relevant local thresholds for the purposes of triggering a requirement for a formal Retail Impact Assessment should be determined by:
- a) the location of the proposal and identification of the nearest centre by road or foot;
 - b) identification of the centres for which the application proposal poses most risk, in relation to the impact tests set out in Paragraph 26 of the NPPF.

- 8.8 Our recommended thresholds are set out in Table 8.1. If the Local Planning Authority is in doubt as to which centre is likely to be most affected, or if the centres likely to be most affected are at different levels in the hierarchy, the principle must be to apply the lower threshold. The Council should be the sole arbiter in deciding which threshold to apply, and this should be made clear to applicants in pre-application discussions.

Table 8.1: Floorspace Thresholds for Impact Assessments – Sq.m Gross External Area

Centre	Convenience Goods Thresholds	Comparison Goods Thresholds
Sunderland City Centre	2,000 sq.m GEA	2,500 sq.m GEA
Washington Town Centre	1,250 sq.m GEA	1500 sq.m GEA
Houghton-le-Spring Town Centre	750 sq.m GEA	750 sq.m GEA
District Centres	750 sq.m GEA	750 sq.m GEA
Local Centres	500 sq.m GEA	500 sq.m GEA

Policy Mechanisms for Non-Retail Uses

Non-A1 Development

- 8.9 Our recommendation, in respect of the Primary Frontages within the City Centre, and in respect of the Town Centres of Washington and Houghton, is that a proposal for a non-A1 use in premises which have been marketed unsuccessfully for A1 uses for a defined period will be refused if it results in:

- more than 15% of each primary frontage thoroughfare in Sunderland City Centre being in non-retail use;
- more than 25% of each primary frontage thoroughfare in Washington Town Centre being in non-retail use;
- more than 40% of each primary frontage thoroughfare in Houghton Town Centre being in non-retail use;

OR IF IT RESULTS IN:

- a cluster of more than three adjoining units being in non-A1 use.

- 8.10 So far as the Secondary Frontages are concerned, we see no merit in seeking to control the diversity of uses in the Secondary Frontages of Washington and Houghton Town Centres. Similarly, we consider that there is no justification for seeking to control diversification in most of the City Centres' Secondary Frontages – the exception being Fawcett Street, for which we recommend a 50% maximum for non-A1 retail use.

Hot Food Take-Aways

- 8.11 Policies in respect of Class A5 uses (hot food take-aways) need to be tailored to suit the needs of different levels in the hierarchy, so that there should be different thresholds or parameters for the City, Town, District and Local Centres. In Sunderland, it is clear that the issue of A5 uses is more prevalent in the Local Centres, in some of the District Centres, and in Houghton. Nevertheless, we consider that the parameters for the City Centre and Washington Town Centre need to be more firm than for the Local and District Centres, since the lower order centres are more dependent on non-retail uses.
- 8.12 Thus, subject to the marketing test, we recommend that proposals for A5 uses should be refused if they breach any of the three thresholds for each centre set out in Table 8.2.

Table 8.2: Parameters/Thresholds for A5 Policy Use Test

	X	Y	Z
Centre	Maximum Proportion of A5 units in each thoroughfare, or centre (%)	Maximum Proportion of the Length of Frontage in each thoroughfare, or centre in A5 uses (%)	Maximum Cluster of Adjacent A5 Units in each thoroughfare, or centre (No. of units)
Sunderland City Centre - Primary Frontage Thoroughfares	No Further A5 uses unless exception test is passed		
Sunderland City Centre - Secondary Frontage Thoroughfares	5.0	5.0	3
Washington Town Centre - Primary and Secondary Frontage Thoroughfares	5.0	5.0	3
Houghton-le-Spring Town Centre - Primary and Secondary Frontage Thoroughfares	10.0	10.0	3
District Centres	10.0	10.0	2
Local Centres	15.0	15.0	2

- 8.13 Finally, we make the recommendations with respect to the considerations that should be applied to proposals for Class A5 uses outside of the defined District and Local Centres, or

outside the Primary and Secondary Frontages of the three main centres. The considerations to apply should be as follows:

- the vitality and viability of the centre;
- the existing level of A5 provision in the vicinity of the new A5 proposal;
- design quality;
- the character of the surrounding area;
- the amenity of nearby residents and businesses (from traffic, noise, vibrations, litter, fumes, odour, lighting, activity levels and hours of operation);
- parking and highway safety;
- accessibility for all groups;
- community safety, anti-social behaviour, disorder and crime; and the
- provision for on-site waste storage and for the disposal of litter and waste materials.

8.14 Furthermore, we note that some authorities have successfully imposed restrictions on out-of-centre Class A5 uses which are within a certain radii (usually 400m) of facilities such as primary and secondary schools, sixth form colleges, parks, playgrounds, youth centres, leisure centres, and other sensitive community facilities. This is because many authorities are increasingly having concerns in relation to the potential health impacts of hot food takeaways, and the possibility (not yet proven) that such A5 uses encourage obesity, particularly amongst vulnerable groups such as children and young adults.