

6 Newhaven Town Centre: Household and Stakeholder Consultation

6.01 This section reviews the findings of the household survey and stakeholder consultations conducted by DTZ as an integral part of the study. The findings provide a robust and comprehensive picture of shopping provision and patterns affecting Newhaven. The survey also provides a more detailed picture of the current strengths/opportunities and weaknesses/threats facing the town.

(a) Household Survey: Headline Results

6.02 DTZ commissioned an independent market research company - Q2A Research and Marketing - to carry out 780 household telephone interviews across six zones between 5th January 2004 and 16th January 2004. The survey zones covered Newhaven, the surrounding towns of Seaford, Peacehaven and Lewes and the eastern outskirts of Brighton and the western outskirts of Eastbourne. These 'outer areas' were included to help determine the extent to which the main study centres draw trade from outside the Borough, as well as the relative impact of neighbouring centres on Newhaven's market share. The survey zones were selected on the basis of population distribution across the whole survey area, but also take into account other critical factors such as the transport network.

Figure 4.1: Newhaven Household Interview Survey Zones



6.03 Of the 780 interviews, an equal number (130) were conducted in each zone. The results of the surveys have subsequently been weighted by Q2A to reflect the characteristics of the underlying catchment population in each survey zone, as follows:

Distribution of Interviews by Zone		
Zone	Population 2001	Interviews
Newhaven W (Zone 1)	24,911	130
Newhaven E (Zone 2)	24,405	130
Zone 3	25,232	130
Zone 4	26,371	130
Zone 5	107,044	130
Zone 6	86,765	130

6.04 A summary of the main findings is set out below. The more detailed Powerpoint presentation and tabulations are provided in Appendices 4 and 5.

- Newhaven is a small town with a tightly drawn catchment area. Given its role, offer and geographical location this is expected. Its principle function is as a convenience goods and service destination with Sainsburys at The Drove, the most popular store for Newhaven (Zone 1 and 2) respondents. In terms of 'top-up' food shopping, Somerfield has an important role, attracting over 17% of respondents are provided from Zone 1.
- Over 75% of all respondents carried out their main food shop by car. This figure is similar to other surveys undertaken by DTZ and reflects the area's rural nature, combined with a less well developed public transport network and the practicalities of transporting a bulk food shop. The importance of good pedestrian and public transport links is highlighted by the fact 25% of respondents did not carry out their main food shop by car.
- Newhaven is not a significant destination for comparison shopping. The vast majority of all respondents (60%) travel to Brighton, with Eastbourne the second most popular destination (22%). Critically Newhaven attracts just 3% of respondents in Zones 1 and 2. Internet and mail order shopping accounts for a growing proportion of spend, particularly for Christmas and special occasion shopping, with Brighton increasing its market share slightly at the expense of Newhaven and Lewes.
- In terms of furniture, bulky DIY and electrical goods shopping the most popular destinations are Brighton and Eastbourne, reflecting their wider offer. Newhaven accounts for 2% of all trips for furniture goods, 1% for DIY and between 3% - 4% for large and small electrical goods. Overall Newhaven's out of town 'bulky goods' retail warehouses attract a higher proportion of shoppers and spend than the town centre, particularly for DIY goods.
- Newhaven is not a major evening destination as it has to compete with Brighton and Eastbourne's offer. This is further influenced by the fact that it has an under-representation of quality bars/cafes, restaurants and nightclubs.
- The majority of respondents (38%) could not identify a key improvement to Newhaven town centre that would persuade them to visit more often. This proportion is not unusual when compared with other survey research DTZ has undertaken. Of those who did respond, the most popular responses centred around the need for high quality clothes/fashion shops and larger stores.

(b) Stakeholder Consultation: Headline Results

6.05 Two Stakeholder consultation workshops were held in February 2004. At the first, traders, retailers, and those with a commercial interest in the town were invited. At the second representatives of community groups/associations were invited. Both were asked to complete a questionnaire requesting views on the town centre. Responses to both the workshops and questionnaires are summarised below.

Postal Survey Responses

(i) Business/Trader Stakeholder Survey

6.06 DTZ received 17 responses to the questionnaire distributed to local businesses in the town centre. All but one was a local business/trader. The majority are renting premises having been in Newhaven either 3-5 years, or over 11 years.

6.07 The strongest views in terms of strengths and weakness of the town centre were:

- 71% thought access by foot was average
- 66 % thought the price of goods average
- 66% thought the range and choice of leisure services was poor
- 60% thought street crime at night was very poor
- 60% thought the range and choice of food shops poor

6.08 Overall responses were spread over the average-poor-very poor category. The best positive responses were price of goods and access by foot. The most negative responses being range and choice of both comparison and convenience shops and street crime at night.

6.09 In terms of improvements to Newhaven town centre the most frequently mentioned responses were (in order):

- Better range and choice of shops
- Free car parking/better security
- Bringing disused shops back into use.

6.10 The biggest perceived threats to the town centre were:

- Youth out of control
- Security
- Parking costs
- Incinerator proposals.

(ii) Community Stakeholder Survey

6.10 DTZ received 19 responses from the questionnaires distributed to key community groups. The majority (56%) had been involved in or known Newhaven town centre for over 10 years. The main trends, issues and SWOTS identified by the survey are highlighted by the table below:

Strengths	Weaknesses
<ul style="list-style-type: none"> • Access by bus is good. 	<ul style="list-style-type: none"> • Image/perception of town centre is poor (mentioned by 72% of respondents) • Street crime at night is perceived as being high (60%) • Range and choice of food shops is poor (58%) • Access by car is average (65%)

6.12 Overall responses were generally negative, spread over the 'poor' or 'very poor' categories. The best positive response was access by bus being good, with the most negative responses being range and choice of food shops and image and perception of the centre.

6.13 In terms of improvements to Newhaven town centre the most frequently mentioned responses were (in order):

- Bringing disused shops into use
- Better choice/range of shops
- Better Security and Free car parking

6.14 The biggest perceived threats to the town are:

- Incinerator proposals
- Lack of good shops
- The ring-road
- Parking costs
- Vandalism/crime.

Consultation/Workshops Feedback

6.15 Two Stakeholder workshops were held in February 2004. To the first, representatives of community groups/associations were invited, whilst to the second traders, retailers or those with a commercial interest in the town were invited. Participants at the workshops were asked to highlight their views of the town centres strengths and weaknesses, outline ways to ensure it's prosperity and state any perceived threats. Their views are summarised in the table below.

- Text in black indicates responses common to both workshops
- Text in **bold** indicates responses given at the business workshop
- Text in *italics* indicates responses given at the community workshop

STAKEHOLDER EVENTS SUMMARY OF SWOT RESPONSES	
Strengths	Weaknesses
<p>Attractive natural setting of town (Downs, sea, etc)</p> <p>More use should be made of river/sea/marina (tourism opportunities?)</p> <p>Street market an asset in terms of generating footfall, but offer could be improved or re-orientated and better managed (e.g. French Market).</p> <p>Communications an asset, although improvements required (improving access to rail stations)</p> <p>Beach is asset, but poor facilities and poorly maintained</p> <p><i>Strength of the port in terms of longevity and employment</i></p> <p><i>Strong community spirit</i></p> <p><i>Leisure centre is key asset which should not be underestimated.</i></p>	<p>Port/industrial areas unkempt and unattractive</p> <p>Linkages to town centre poor/negative effect of ring-road</p> <p>Tourist information and signposting poor and diverts traffic away from TC</p> <p>Prohibitive cost of car parking- inequity when free at other locations. Incentive scheme to benefit locals?</p> <p>Not enough high quality retailers</p> <p>Beach facilities inadequate and poorly maintained</p> <p>Crime/disorder centres around antisocial crime often in evening – little is done by relevant authorities.</p> <p>Capture of visitors is poor, accommodation offer is poor</p>
Opportunities	Threats
<p>TC needs better gateways.</p> <p>Town Centre manager critical to steer change</p> <p>Facilities for young people required – linked to antisocial behaviour issue.</p> <p>Library must be improved</p> <p>Need incentives/marketing to generate more footfall</p> <p>Local people should run the market</p> <p>Should ensure regeneration of Bridge Street creates link from TC to marina/Fort/Beach areas.</p> <p>Convenience offer must be strengthened</p> <p>New housing for Newhaven – increased expenditure.</p> <p>Dual use for nightclub? – young people early evening, adults later evening.</p> <p><i>Tap into rise in artists and graphic designers locating here.</i></p> <p><i>Make more use of the river (marina, diving, leisure trips)</i></p> <p><i>Needs of disabled/elderly, particularly access, must be met</i></p> <p>Must not under-estimate potential of eco-tourism (cycling, fishing, geology)</p>	<p>Crime/antisocial behaviour discouraging shoppers to town centre</p> <p>Out of town retail (Sainsburys, Newhaven Retail Park, McDonalds) dilutes town centre's offer</p> <p>Retail units at East Quay/Eastside business park</p> <p>Out of town Lidl proposal would be the end of the town centre</p> <p><i>Incinerator/waste disposal proposals</i></p>

Summary

- 6.16 One of the constant themes to emerge from all the consultations undertaken (household survey, stakeholder survey and stakeholder consultation workshops) was the desire for a wider range and higher quality of retailers in Newhaven. The strongest preferences being for high quality fashions. DTZ have found this to be a common response when examining smaller and medium sized towns.
- 6.17 Whilst there are limitations to the type of offer Newhaven can attract, especially given proximity to the major competing centres of Brighton and Eastbourne, this is still a strong message and reflects one of residents and businesses main reasons for visiting these competing centres. However for a town of its size and catchment Newhaven, would not be able to support major anchor stores, such as Debenhams or Marks and Spencer.

7 Prospects For Retail: Market Demand Appraisal

7.01 This section sets out our assessment of the market demand for new retail space in Newhaven based on DTZ's knowledge of the local market and Focus datasets. To provide the context for our market demand and capacity assessments we also briefly describe some of the key trends that are driving changes in the retail industry and specifically how this is being manifested in terms of the scale, quality and location of new retail investment.

Consumer Demand

7.02 There is growing evidence that consumer confidence and spending is slowing. The latest official figures show a slowdown in retail sales growth and footfall. This slowdown, which is leading to more difficult trading conditions for retailers, is partially attributed to growing concerns over household debt, which has grown significantly over the recent past as a result of low but rising interest rates, low unemployment and relatively high house price inflation. This debt burden and the increase in savings which is expected as a result, is likely to mean that private consumption will be less buoyant over the short term. This will be further exacerbated by the cooling housing market that is expected to deter the large volume of mortgage equity withdrawal that has helped to underpin the consumer market. Notwithstanding this relative slowdown, household expenditure growth is expected to remain positive over the medium term.

Market Demand: National Trends

7.03 As Section 2 highlighted, the retail sector is one of the most dynamic sectors of the UK economy and is subject to constant change. The rising affluence of households, combined with changes in lifestyle and demographics, are changing the shape of consumer demand. At the same time operators and investors increasingly have to roll out more flexible and exciting retail formats and concepts to capture market share. The main property market trends driving demand in the convenience and comparison goods sectors across the UK are briefly reviewed below. Given it's size and location next to Brighton and Eastbourne there are few requirements from major multiple retailers, those that are stated are highlighted below.

(i) Convenience Goods Retailing

7.04 The opportunities for major quantitative increases in Britain's convenience goods floorspace in the future appear limited. This is due to the more restrictive planning policy climate and the fact that spending on food represents a shrinking proportion of total household expenditure. The national forecast of growth in convenience goods spending is also minimal (ranging from 0% to 4% per annum). This means that there is less consumer demand for food at the national and local level.

7.05 Nevertheless, the major grocery retailers are still aggressively seeking to increase market share through a variety of business strategies to help drive up profit margins and sustain long-term growth in the highly competitive grocery sector. Some of the key initiatives adopted include the following:

- Price differentiation and discounting;
- New store openings and extensions;
- Take-overs and mergers;
- A return to the high street;
- Growth of convenience ('c-store') formats;
- Product diversification and specifically the expansion of non-food retail space;

- Increased commitment to Internet shopping.
- 7.06 Whilst the major grocery retailers are continuing with new store openings and extensions, albeit on a smaller scale than before, the main thrust of business strategies over recent years has been to try and differentiate themselves from their competitors and to open up new markets, particularly in the higher margin fashion, electrical and homeware sectors. The need for greater flexibility, a key requirement of the sequential test, has also resulted in new smaller store formats, such as the Tesco 'Express' convenience stores, which are linked to petrol filling stations, as well as a return to the high street through the Tesco 'Metro' and Sainsbury's 'Local' formats. It is likely that these smaller store formats will be rolled out to smaller and medium-sized centres in the future, particularly following the move by Tesco (and other operators) into the 'c-store' format following its purchase of T&S stores.
- 7.07 The UK grocery sector is currently entering a period of consolidation, as illustrated by the recent "battle for Safeway". This has opened the door for WM Morrison and the remaining major foodstore operators, to expand their UK coverage and market share. Moreover, there are a number of major foreign grocery operators who are not currently represented in what is Europe's third largest food market, and this may lead to further consolidation in the future.
- 7.08 These trends would seem to indicate that the major demand over the next 5–10 years will be for extensions to existing stores to carry a wider range of non-food goods. At the other end of the scale, there is likely to be increased demand from smaller convenience ('c-store') operators and discounters, as evidenced by Lidl's recent planning application for an out-of-centre store in Newhaven (scheduled for public inquiry), as they seek to extend their representation in smaller and medium-sized towns. This trend could benefit smaller towns such as Newhaven, as it could lead to high profile retailers such as Tesco and Sainsbury (or even M&S Simply Food) targeting centres that they would not have previously considered.

Other than the Lidl proposal, the retailer requirements list compiled by DTZ, informed by the 'Focus'⁽¹⁾ datasets, indicates that there is currently no demand from foodstores and convenience goods operators for representation in Newhaven.

(ii) High Street Retailing

- 7.09 Retailer demand for space in prime town centre locations, such as Brighton and Eastbourne remains relatively strong. For Newhaven there is limited demand for representation due to its more limited 'critical mass' of existing retail and leisure businesses. We have identified the following key national trends which we consider could shape retailer requirements at the strategic and local level over the medium term:
- Market analysts predict strong growth for the department store sector, as the mixed goods nature of the business and the multi-segmented market will help to insulate it against any downturn in retail spending. Most of the major city centres have been targeted for expansion, although some operators (such as Debenhams and Alders) are targeting medium-sized centres. However, Newhaven is too small a centre to attract a major department or variety store offer. This is illustrated by the fact that there are no requirements from this sector.

⁽¹⁾ Focus is a property database covering property information in the UK. The town focus element is a list of reports prepared by Focus which cover large to medium sized towns. Each report has demographic information, socio-economic information, planning details, rents and retailer requirement numbers.

- Modern retailers are also demanding larger unit sizes, as this allows them to be more flexible with their space and display a wider range of goods in a more customer-friendly environment.
- The increased polarisation in the retail market between value retailers at one end of the spectrum and the more expensive brands at the other is also set to continue. Research shows that the value-fashion retailers (such as Matalan and TK Maxx) have doubled their market share of the clothing sector between 1995 – 2001, and strong growth is forecast up to 2006. Matalan, which had previously concentrated on out-of-centre locations, is now targeting town centre sites and the smaller value-fashion specialists (such as New Look and Primark) are also looking at low-cost city centre sites, market towns and secondary shopping centres in large urban areas, where overheads are relatively low.

DTZ's review of retailer requirements indicates that there is limited demand from fashion retailers for representation in Newhaven. The only recorded requirements are from Bon Marche for a 2,500 – 3,500 sq. ft women's clothing store and from Superdrug for a 1,500 – 6,000 sq. ft unit.

(iii) Out-of-Centre Retailing

7.10 Looking forward, over the medium term, retail warehouse expenditure is expected to continue to outperform total consumer spending. National market demand in the more traditional 'bulky goods' retail warehouse sector remains strong, driven by significant activity amongst the DIY, furniture, carpets and electrical goods retailers. Despite the tighter planning restrictions, developers are still pushing ahead with applications and development to try and meet the high levels of demand.

- **DIY and hardware** – This has been the best performing sector over recent years and analysts predict that growth will remain strong up to 2005, as it is argued that falling confidence in the housing market will result in fewer transactions and more people investing in their homes. This is also the most consolidated 'out-of-centre' sector and is dominated by just four key players – B&Q, Focus, Wickes and Homebase. All four are rolling out larger 'category-killer' stores, as well as smaller stores targeted at edge-of-centre and even town centre locations. They are also introducing 'mezzanine' floors in some stores as a means of extending the floorspace, often without the need for planning permission. The B&Q in Newhaven comprise one of that company's traditional superstores. We are not aware of any proposals to redevelop this into the new B&Q 'Warehouse' format which are being rolled out in selected locations nationally. The pressure from out-of-centre retailers is illustrated by the closure of "The Hardware Centre" on Newhaven High Street. Nevertheless, there is currently no evidence of demand from the DIY/hardware sector for representation in the Newhaven area.
- **Electrical Goods Sector** – The constant stream of new products, innovations and technology has fuelled the growth of this sector over recent years. Nevertheless, Dixons has recently announced the closure of over 100 of its smaller high street stores. The smaller players in the market, particularly in the computer and mobile phone sectors, have also been hit by more difficult trading conditions over recent years, which could lead to increased consolidation. However, despite the slowdown in consumer spending in the first half of 2003, DTZ consider that demand should be stimulated by new product developments, such as digital television and the growing demand for widescreen sets. It is expected that PC demand will also increase with the wide usage of broadband and digital photography. The mobile phone market is

also expected to pick up with the increased take-up of 'third generation' phones and of picture messaging. Nevertheless, it is a highly competitive market and Powerhouse – the UK's third biggest electrical retailer – is in administrative receivership and has recently closed almost half of its 223 stores. The company's downturn has been explained by its smaller stores and the fact that it did not break in to the fast growing PC sector.

There is currently no demand from electrical goods operators for out-of-town retail warehouse space in the Newhaven.

- **Furniture and Carpets Sector** – Analysts also predict strong growth for this sector over the next five years. However the market leaders – MFI, Ikea, DFS and Courts – will face increased competition from other retailers, particularly department and variety stores, leading to increased consolidation across the sector. Both MFI and Ikea are looking to expand their out-of-town store portfolio, although Ikea is also considering edge-of-centre sites because of the tight planning restrictions. Allied Carpets is also planning a return to the high street and has targeted 20 locations across the UK. This sector is one of the most cyclical of all and, with consumer spending growth slowing, it may experience more difficult trading conditions in the short term.

There is relatively no demand from of out-of-town operators looking for space in Newhaven. With Carpetright at Newhaven Retail Park, Fludes at Denton Island and ease of access to retail parks in Brighton and Eastbourne this is not surprising.

- 7.11 New waves of high street operators are also looking to out-of-town units in order to reach new customers and increase market share. These include Early Learning Centre, Argos, Borders, HMV, Boots the Arcadia Group and Clinton Cards, McDonalds and Pizza Hut. Many of these high street retailers have requirements for smaller units, which is leading to the sub-division of standard retail warehouse units where there are no planning conditions in place. The major department and variety stores are also actively targeting out-of-centre locations.

There is currently limited demand from out-of-town operators looking for space in Newhaven. Hobbycraft require an 8,000-10,000 sq ft store, Argos are looking for a 10,000 – 16,000 sq. ft unit and Brantano has a requirement for an out-of-centre shoe store of up to 7,500 sq. ft. KFC have a stated requirement for a 2,550 sq. ft drive thru restaurant.

- 7.12 The strength of demand from retailers for space in out-of-town locations, coupled with a continuing shortage of new supply, has resulted in above average rental growth. This, in turn, has placed pressure on other retail sectors that have been unable to generate the level of sales densities required to sustain these higher rents. Recent casualties include value/discount retailers such as Brunswick Shoes, Textile World and What Everyone Wants, all of whom have been put into administration. Nevertheless, because of restricted levels of supply, other retailers looking to expand, including Belgian shoe retailer Brantano immediately purchased the units released by these closures.

Summary

- 7.13 In summary, the out-of-centre retail market has evolved from low-cost and narrow-margin formats, to higher cost and wider-margin structures, similar to those on the high street. As planning permissions become increasingly harder to obtain, so developers, investors and retailers also have to be more innovative and flexible about how they extend their businesses. As a result a new generation of retail parks and stores are emerging that are

very different from earlier developments. Operators are increasingly looking to add value to their retail offer, rather than simply 'pile-it-high and sell-it-cheap'. For example, retailers are experimenting with leisure and A3 uses, often by introducing mezzanines into existing stores, and landlords are also looking to invest and asset manage their portfolios of retail parks through improved design, branding and tenant mix strategies.

- 7.14 DTZ research shows that there is very limited demand from national multiples to gain representation either in Newhaven or even at an out of town location. Bearing in mind that 88% of units in Newhaven town centre are less than 2,500 sq. ft, Superdrug's requirement appears to be one which could be most easily accommodated. However, the introduction of a Superdrug store into the town centre may raise issues of competition, (e.g. Boots and Central Pharmacy), and the viability of an additional retailer in this sector. Whilst there is some risk for existing business, the likes of Superdrug and Boots do co-exist in other town centres and the Superdrug requirement is simply given as an example here.
- 7.15 DTZ strongly recommend that stated requirements for out-of-centre representation from 'traditional' town centre operators such as KFC and Argos (Argos may consider an 'in-town location') be investigated to see whether they would be interested in existing town centre units (if they became available), or on potential redeveloped opportunity sites.