www.lsh.co.uk

GOSPORT RETAIL, LEISURE AND TOURISM STUDY 2019/20

On behalf of

Gosport Borough Council

Executive Summary

Prepared by:
Lambert Smith Hampton
United Kingdom House
180 Oxford Street
London
W1D 1NN

Tel: 020 7198 2000
Fax: 020 7198 2001
Date: June 2020

EXECUTIVE SUMMARY

1. This Study has been prepared in the context of current and emerging national and development plan policy guidance, as well as other key material considerations; principally the National Planning Policy Framework (NPPF) published in February 2019. The study assessed the need (or 'capacity') for new retail (convenience and comparison goods) floorspace at strategic (borough-wide) and town centre level; and helps inform the likely scale, type, location and potential phasing of new retail, leisure and tourism development over the short (0-5 years i.e. 2024), medium (6-10 years i.e. 2029) and long term (11-17 years i.e. 2036).

2. A 600-interview telephone interview survey was conducted on households across a defined study area, which includes Gosport Borough. The survey identified shopping and leisure shopping patterns, leisure preferences and expenditure flows within the study area. The survey findings have informed the health check assessments for the main study centres, as well as the quantitative ('capacity') and qualitative need assessments for new retail (convenience and comparison goods) floorspace and leisure uses over the plan period. Percentages and monetary values quoted in tables in this report (including Appendix A) are rounded to one decimal place. As a result, there may be instances where values do not appear to add up to sub totals and/or totals, which is due to rounding.

3. It should be stated that this study was finalised during the outbreak of the coronavirus (Covid-19) pandemic in the UK and across the world. The impact on politics, policy, the economy and businesses, including the UK's town centres and high streets, was changing on a day-to-day basis during the peak of the pandemic. The full impacts on the UK's economy, business/investor confidence, commercial property and our town centres will not be realised until after the pandemic has passed and the country returns to more "normal conditions". For now we can speculate that the Government's 'lockdown' measures will hasten the demise of town centre businesses that were already struggling.

4. There is now even greater onus on the diversification of town centres as part of the solution, allowing them to respond quickly to major economic impacts, but also evolving customer and market trends.

PLANNING POLICY AND RETAIL MARKET TRENDS

5. National and local plan policy and guidance seek to maintain and grow the vitality and viability of centres over time by, amongst other measures, directing new investment and development to town centres first and promoting a diverse mix of sustainable uses that meet the needs of all those who live, work, shop and visit centres for a wide range of activities.

6. In terms of retail market trends, forecasts (pre the coronavirus pandemic) at the start of the year indicated that the UK economy will remain on a low growth path in 2020 due to the uncertainty created by the Brexit transition period (which ends in December 2020) and the sluggish global economy.

7. Negative growth in convenience goods spending has had a significant impact on the grocery sector and retailer business models over the last 10-15 years. The growth in non-store retail sales has undoubtedly had the most significant impact on consumer spend and behaviour, and the retail sector over the last decade. As for other centres across the UK, Gosport Town Centre and other centres in the Borough will need to embrace the new dynamics and trends, and build in resilience to adapt to future changes. This will be based, in part, on identifying and building on their unique attractions and competitive positioning where possible and embracing the digital transformation of centres.

8. Gosport Town Centre, while the main retail destination for the Borough is likely to be vulnerable to decline in the retail and leisure market given the current climate for store and restaurant closures and the competition from larger nearby centres in the region, in particular Portsmouth and Southampton.

9. Policy needs to consider how town centres can diversify their offer by looking beyond retail and leisure as a way to secure the future of these centres. This will inevitably result in a move away from high streets as solely retail-led locations to those that offer a wider range of retail, leisure, cultural, heritage, employment, tourist and other amenities/attractions. This transition to more diverse uses that go “beyond retail” will need to be supported by a mix of new homes and apartments on the edge of and/or ‘on top of’ centres to help boost their ‘captive’ resident and working catchment populations in the most sustainable and commercially effective way.

RETAIL MARKET SHARE ANALYSIS

10. For convenience goods retailing, the Borough’s out of centre foodstores attract a higher share of convenience goods expenditure compared to town centre foodstores. However, market shares for out of centre foodstores have fallen since 2014, whilst market shares for Gosport Town Centre and the District Centres have remained stable.

11. Gosport Town Centre is the main destination for comparison goods shopping in the Borough. However, Borough residents are more likely to visit stores in Fareham and Southampton for comparison goods as a whole. A review of market shares for comparison goods since 2014 shows that comparison goods market share has declined for Gosport Town Centre. Special Forms of Trading or online sales account for over a quarter of the total Borough area comparison goods expenditure, which is considered high.

POPULATION AND EXPENDITURE

12. The 2019 (‘base year’) population estimates and projections for the study area and zones have been sourced from the Council in respect of Zones 1 to 4, which broadly cover the Gosport Borough area. Two scenarios are examined based on housing delivery rates of 190 and 238 dwellings per annum (dpa).

13. Based on the 190 dpa scenario, the total study area population is projected to increase from 144,760 in 2019 to 148,819 over a ten year period to 2029. This represents a population growth of +4,059 people (+2.8%). In the longer term to 2036, the study area population is projected to grow to 151,089 (+6,329 people/ +4.2%). The higher housing delivery rate of 238 dpa would lead to an overall increase in the study area population of 4,353 (3%) over the period 2019 to 2029 or an increase of +6,477 (+4.3%) between 2019 and 2036.

14. The lower dpa rate is treated as the most likely scenario for housing delivery and serves as the baseline for assessing retail expenditure, retail floorspace capacity and leisure needs.

15. Total retail expenditure (excluding SFT) in the Study Area is forecast to increase by 35.2% (+£293.8m); from £835.4m in 2019 to £1,129.3m by 2036 (2017 prices).

RETAIL CAPACITY ASSESSMENT

16. The Study identifies capacity to support new convenience and comparison goods floorspace over the period 2019 to 2036 across the Borough as a whole and disaggregated for centres within.

17. The NPPF requires that local authorities appropriately plan to meet retail need for a maximum period of ten years. Therefore, this assessment places emphasis on the forecasts identified between 2019 and 2029. Forecasts for retail (and leisure) needs are less reliable beyond a five year period due to fluctuations in the market. Therefore, longer term forecasts should be treated with caution.

18. It has been assumed for the purpose of the capacity assessment that the Borough's retail market is in 'equilibrium' at the base year. In other words, we assume that the existing centres and stores in Gosport Borough are trading in line with appropriate 'benchmark' turnover levels at the base year.

19. The assessment identifies no capacity to support new retail development in the Borough or its centres over the forecast period to 2036. This is a consequence of the following factors:

- Limited population growth to support new convenience and comparison expenditure;
- Limited retained expenditure for comparison goods, due to leakage of expenditure to stronger performing town centre (e.g. Portsmouth, Southampton, and Fareham);
- Allowing for efficiency growth of existing retail floorspace; and
- Deducting forecast turnover for pipeline retail floorspace over the assessment period.

20. However, the absence of economic capacity does not necessarily mean there will be no market demand. Retail operators will ultimately be driven by potential to increase their catchment market share irrespective of forecast capacity indicators.

21. Where the Council are considering the potential for new convenience and comparison retail floorspace then this should be directed to the Borough's existing centres first, with the priority of reoccupying retail accommodation in the prime pitch (i.e. High Street), or as part of new local facilities needed to serve major new housing areas. This will ensure development is directed to the most sustainable and sequentially preferable locations and help to reverse the recent growth in out of centre convenience retail development.

LEISURE NEEDS ASSESSMENT

22. The commercial leisure industry faces considerable challenges and pressures. It is clear that consumers are becoming increasingly selective in terms of where and how they spend their discretionary leisure spending. There will also be a continued increase in at-home activities due to the advances in computers, tablets, television, gaming, and audio technology. The challenge for town centres and leisure operators in the future will therefore be to attract customers away from their homes.

23. Our review of the Borough's commercial leisure sector and offer, and the results of the household survey, indicates that while the Borough provides an adequate range of facilities there is potential to improve the variety of leisure offer. The Borough's proximity to major leisure destination centres such as Portsmouth presents a challenge in supporting the critical mass of customers to support new major commercial leisure attractions in the Borough, such as multi-screen cinema. However, given the popularity of cinema going in the Borough and the lack of facilities highlighted by respondents to the HTIS, there may be potential market demand to support a small multi-screen despite screen capacity analysis suggesting otherwise.

24. The popularity of healthier lifestyles is driving growth in the health and fitness market. From a quantitative assessment there is unlikely to be sufficient growth in the Borough's population to support a new mainstream gym operator. However, there may be demand from the market to

support a local or independent niche operator that can rely on a smaller membership to be a viable business.

25. Investment in small cinema and new food and beverage offer stands out as a key opportunity for promoting the Borough's leisure sector, particularly in Gosport Town Centre which would help to develop the evening time economy. Development of Gosport's waterfront, particularly the bus station site, is an ideal location to provide a cinema and new restaurants overlooking the water.

INVESTMENT IN MARINE LEISURE AND NICHE TOURISM

26. The Study identified a number of opportunities for promoting the Borough's marine leisure and recreation offer, particularly in the context of promoting the tourism industry and supporting commercial development.

27. The findings were informed by face-to-face interviews conducted within the Borough's three main marinas (Gosport Marina, Haslar Marina, and Royal Clarence Marina) to gauge marina user's perceptions of marina facilities and Gosport Town Centre.

28. A review was also carried out of other marinas in the Solent and beyond to identify gaps in the Borough's marine offer and identify best practice, which can help guide future investment in marina and marine related facilities.

29. The findings for Royal Clarence Marina indicate a gap in commercial provision, particularly when compared to responses from Haslar Marina, which provides on-site commercial uses. Whilst Royal Clarence Marina benefits from an adjacent mixed use scheme, many existing commercial uses on the waterfront remain vacant. The units offer considerable potential to promote Royal Clarence Yard as a year-round food and beverage quarter that appeals to marina users, other visitors and residents.

30. A unique selling point for all of Gosport's marinas is that their position in Portsmouth Harbour results in a shorter sailing distance to the Solent compared to other marinas in the harbour. The challenge for Gosport's marinas is the ability to compete with other marinas on the South coast, which offer a better range of marina services and commercial offer that meets visitor expectations.

31. Key areas for investment:

- Promote existing and new commercial uses to enhance the attractiveness of the Borough's marinas to new boat visitors and improve their competitive position against other marinas on the south coast. For Haslar Marina and Royal Clarence Marina, there are opportunities to promote commercial uses adjacent or nearby. In the case of Gosport Marina, the redevelopment of waterfront sites (e.g. bus station) could support quayside commercial leisure uses.
- Promote stronger links to Gosport Town Centre to encourage longer dwell times and expenditure in the town centre. However, this would be subject to investing in the town centre's retail and leisure offer in order to attract spend.
- Promote opportunities to revitalise Royal Clarence Marina and bring forward the development of underused sites. Royal Clarence Yard has the potential to become a leisure destination in its own right. Providing meanwhile uses and public events should be considered which would help generate footfall and promote greater public awareness of the area.

TOURISM

32. The Borough offers particularly unique tourist attractions, many of which have evolved from the Borough's naval heritage and the natural environment. Explosion! The Museum of Naval Firepower and the Royal Navy Submarine Museum are particularly popular attractions. These attractions along with others are very unique and offer a different experience for visitors. It is noted that the Borough's key attractions are relatively dispersed and while a number of attractions are linked by a walking trail, there is likely to be a reliance on private car travel for visitors seeking to take in a variety of attractions and venues on a day visit.

33. Following an overview of the Borough's visitor attractions and visitor accommodation provision the following potential areas of improvement have been identified:

- Alver Valley Country Park - explore the potential to provide an outdoor visitor attraction that is sympathetic to the surrounding area and would have minimal impact on the environment, such as an aerial adventure park.
- Tourist bus that connects key attractions in the Borough – either a standalone service or work with local bus operators to incorporate key attractions along existing routes.
- Promote stronger links with visitors to Portsmouth Harbour – marketing strategy that promotes greater awareness of visitor attractions in Gosport. A strategy could explore marketing exercises that target visitors to Gunwharf Quays and those arriving at Portsmouth Harbour station.
- Hotel strategy to identify demand for new investment for mid-price hotels which are not represented.
- Opportunities to enhance heritage tourism through the development of Ministry of Defence (MoD) sites – Fort Blockhouse is ideally situated to support a high quality tourist complex that could offer direct boat links to/from Portsmouth Harbour.

34. In respect to niche tourism opportunities, the Council should consider the preparation of a visitor strategy that explores in more detail the potential to develop the Borough's visitor offer, including the potential to repurpose Fort Blockhouse and Fort Brockhurst for visitor and leisure uses. The Council should also consider the potential to bring all attractions within one site and building which would become a major focal point for the Borough's naval heritage and create the critical mass of attractions along with visitor experiences and customer services (e.g. cafes/restaurant/ event space) that would bring in more visitors. In the short term, a national market strategy would help to raise the profile of the Borough's existing niche leisure assets.

ACCOMMODATING NEW TOWN CENTRE USES AND TOURISM DEVELOPMENT

35. A high level assessment was carried out on 11 development areas across the Borough, including key sites in the Gosport Waterfront and Town Centre SPD area, and a number of former and existing Ministry of Defence and Ministry of Justice sites.

36. The following provides an overview of the recommended uses for the assessed sites:

- Within **Gosport Town Centre**, residential uses should be encouraged on all sites, which would help generate more expenditure for the town centre. The bus station site has the best potential to come forward in the short term. The site could support new commercial leisure uses at ground floor level, such as cinema and restaurant uses. The waterfront setting would appeal to visitors and residents and could help retain leisure expenditure lost to Portsmouth. In addition, the lorry park site presents a potential opportunity to provide a residential-led mixed use scheme that caters to commercial leisure uses at ground floor, particularly serving A3/A4 uses.

These units may prove attractive to the market and customers, particularly visitors to Gosport Marina.

- For **Royal Clarence Yard and Marina**, planned events would help to generate footfall to the area and establish the location as a destination. Opportunities to promote under-used sites on the waterfront to support marine industries could help to promote day time footfall and support existing businesses.
- There may be market opportunities to support new leisure uses at **Gosport Leisure Park**, particularly leisure uses that require larger land take/ larger units, such as additional indoor active leisure uses (e.g. pitch and putt, climbing wall, etc.).
- There is potential to promote visitor and tourism facilities as part of the redevelopment or repurposing of **Fort Brockhurst**.
- **Browndown**, this could include camping ground and facilitating further use of the area for water-based activities.
- Outdoor activities, such as the potential for a tree-top or woodland adventure centre and low impact commercial uses could be suitable for the **Alver Valley Country Park** subject to having no harmful impact on the site's ecological value.
- Of the MoD sites reviewed, **Fort Blockhouse** has the greatest potential for redevelopment. The site could support a mix of uses, with a particularl focus on leisure and visitor uses including a hotel and heritage attractions. A leisure led scheme could potentially support a small marina subject to meeting operator requirements.
- **HMS Sultan** has significant development opportunity particularly for residential and employment uses. There may be an opportunity for supporting leisure provision on site.
- The **Gunboat Sheds** site is likely to be most attractive to the market for employment and housing development. The site presents an opportunity to bring forward marine related industries. Housing may be limited given some of the constraints on the site.
- Development plans for **Priddy's Hard** and **Daedalus** are largely in place. Residential uses are currently being built out at Priddy's Hard. The Daedalus site is an employment led mixed use site with land and premises available for B1/B2 uses as well as the scope for leisure uses at the Seaplane Square area which fronts onto the seafront. Residential development is also under construction at Daedalus, which will also include a small amount of commercial uses to support the new local population.

POLICY RECOMMENDATIONS AND TOWN CENTRE STRATEGIES

37. The study provided high-level advice on how the Council can effectively plan for, manage and promote the vitality and viability of the Borough's centres and opportunities to promote the tourist and marine economies over the development plan period.

38. The study reviewed the Council's current policy on assessing the impact of proposals for town centre uses that are not within a defined town centre. In such cases, we consider that the impact test should be demonstrated on proposals that involve 350 sqm or more of new retail floorspace. This will ensure that proposals for smaller stores and applications to incrementally expand existing edge and out of centre retail offer are appropriately assessed in terms of their potential impact on existing centres.

39. Relatively minor changes to town centre boundaries and Primary Shopping Areas are recommended. For Gosport, the town centre boundary could be extended to include the Aldi store on Mumby Road. The store's proximity to the existing PSA is likely to generate linked trips to other

businesses in the town centre. The site's inclusion in the town centre boundary would provide policy protection against any further out of centre development for convenience retail.

TOWN CENTRE STRATEGY

40. The study provided high-level advice on how the Council can effectively plan for, manage and promote the vitality and viability of the Borough's main centres and opportunities to promote the town centre economies over the development plan period.

Gosport Town Centre

41. With no forecast economic capacity for new retail floorspace and no evidence of market demand, we advise that the potential should be explored to relax policy on non-Class A1 uses within the PSA.The impact of Covid-19 and how to respond to it will be a key challenge in the short term however there are significant opportunities for the Town Centre to diversify and evolve.

42. The leisure 'gap' analysis and primary information obtained from market research have also identified the need for more commercial leisure provision, including better quality restaurants. There is also the potential to attract a small cinema operator which along with new restaurant provision would enhance the town's evening/night-time economy and centre's attractiveness to visitors.

43. The Council should focus investment on projects that increase the local residential and employment base, and increase the number of visitors to the town for both day-trips and extended visits.

44. In our judgement, one of the most high profile redevelopment opportunities in the town centre is focussed on and around the bus station and ferry terminal, subject to land assembly and relocation/consolidation of the bus station.

45. Aside from the redevelopment of the bus station site, there is a general need to improve the town centre's overall environmental quality and public realm. This will help create a more attractive destination for all those that shop, live and work in the town.

46. To help fund and deliver change over the short, medium and long term, Section 106 agreements linked to future planning permissions on opportunity sites should be used to provide financial support for public realm improvements.

Stoke Road District Centre

47. The focus over the plan period should be on retaining, consolidating and promoting the centre's retail and leisure offer. Related to this, whilst there are some restaurants and evening time uses, it is considered that the range could be expanded subject to market interest and demand.

48. Vacancies are a cause for concern and should be closely monitored. This could be addressed by reviewing the PSA and allowing for more flexible uses, with active frontages, on a case-by-case basis.

49. A key priority for the centre is the need to improve shop frontages, particularly frontages east of Waitrose. The vacant Royal Arms public house presents an opportunity to create an attractive heritage feature for the town centre and the Council should explore opportunities to repurpose the unit.

50. More pedestrian crossing points and/or traffic calming measures are needed to improve connectivity between businesses on either side of Stoke Road.

Lee-on-the-Solent District Centre

51. The centre benefits from a good mix of uses and like Stoke Road, is mostly supported by independent businesses. There are limited evening time uses in the District Centre. We advise that the promotion of, and investment in new food and beverage uses should be a target over the plan period. The only physical constraints on the District Centre are the lack of sites that could allow it to expand and the identified pressures on car parking.

52. Opportunities to promote a monthly or more regular market in the district centre should be explored.

53. The centre is likely to experience increased demand for services from future residents at Daedalus. Safe walking and cycling routes should therefore be promoted between the two locations to minimise any further demand on parking in the centre.