REPORT TO: **ECONOMIC DEVELOPMENT AND INFRASTRUCTURE SERVICES COMMITTEE 6 SEPTEMBER 2022**

SUBJECT: **INFORMATION REPORT: MORAY RETAIL STUDY**

BY: **DEPUTE CHIEF EXECUTIVE (ECONOMY, ENVIRONMENT AND FINANCE)**

1. REASON FOR REPORT

1.1 To inform the Committee of the findings of the Moray Retail Study and note it is to be used as a material consideration in the determination of planning applications, the preparation of masterplan and the development of planning policy.

1.2 This report is submitted to Committee in terms of Section III (F) (2) of the Council's Scheme of Administration relating to economic development.

2. BACKGROUND

2.1 A Retail Study was commissioned to provide up to date information and analysis to inform retail and commercial leisure strategy, policy and designations within the next Moray Local Development Plan. Draft Local Development Plan Regulations and Guidance requires significant evidence gathering at the outset through the Evidence Report and Gatecheck procedure. The Moray Retail Study would form part of the Evidence Report. The study will also be used to support decisions on planning applications and inform masterplans. Hargest Planning Ltd were commissioned to prepare a retail study. The study includes an assessment and recommendations covering the following

- Retail and commercial leisure trends and their implications for Moray's town centres and commercial centres to inform policy development and designations.
- The potential future demand and supply for retail floor space within Moray over the next 5-10 years.
- The requirements for retail and commercial floorspace within new neighbourhoods/masterplan areas.
- A review of current planning policy relating to retail and commercial leisure.

2.2 The last retail studies and modelling work were completed in 2010 and 2012. These needed to be brought up to date to reflect changing retail trends, changes in population and changes in retail expenditure.

2.3 The Study used a range of techniques and data sources. The principal techniques used for the Study are:

- Data review: existing and future population; existing retail and retail service floorspace; existing and future available expenditure forecasts; tourism expenditure.
- Household surveys (Moray-wide) completed by telephone to establish behaviour and attitudes to retail and retail expenditure.
- In-centre survey (Elgin City Centre only) covering purpose of the visit, food and non-food shopping patterns, expenditure and attitudes to the City Centre.
- Market trends, including both long-term trends and short-term impacts associated with the Covid-19 pandemic.
- Development of the Strategic Retail Model (SRM) – including the use of different growth and development scenarios.
- Review of existing retail centres – surveys and town centre health checks (vitality and viability).

2.4 The Moray Retail Study was agreed as a material consideration for development management purposes at a Special meeting of Planning and Regulatory Services Committee on 4 April 2022 (para 8 of minute refers). The study will also be incorporated into the Evidence Report for the next LDP.

3. KEY FINDINGS

3.1 The full detailed retail study and associated appendices (including an Executive Summary) are set out in **Appendices 1 to 6**. Set out below is a short summary of some of the key findings of the study.

3.2 **Retail and Leisure Trends** – Changes in long term retail trends underpinned by factors such as an ageing population, lifestyle changes, online retailing, improved distribution networks and uncertainty around economic growth have the following implications for Moray.

- A continued reduction in multiple national comparison (i.e. clothes, gifts, furniture, appliances, chemists etc) retailers with significant impacts in Elgin City Centre.
- Growth in food and non-food discounters.
- More specialist foodstore operators (e.g. Lidl, Aldi, M&S, freezer centre) but a reduction in requirements for new major foodstores.
- Increased reliance on independent retailers and retail, leisure and business services on traditional High Streets. This will impact shopping malls like St Giles the greatest and repurposing of floor space will be required.
- Small town centres and local centres have a more positive outlook reinforced through increased home-working.
- Some leisure sectors will continue to grow and support use of space in town centres, while others may require larger floor spaces and/or cheaper

space located outwith centres. Leisure has been severely affected by the pandemic and increased costs however it is expected the sector will recover with demand for a range of units in all centres in Moray.

3.3 **Distribution of retailing –** A review of existing retail floorspace and turnover has identified the following

- In total there is 200,320sqm gross floor area of retail and retail/leisure/ business uses in 942 units across the whole of Moray (i.e. not only town centres defined in the LDP). 69% of this floor area (398 units) is retail. There are 109 vacant units totalling 16,600 sqm.
- Retail and services are unevenly distributed within Moray with 59% of retail floorspace and 64% of retail turnover in Elgin, but only 34% of retail units are located here. Elgin City Centre has 38,600 sqm gross floor area for retail and a turnover of almost £155m accounting for 28% of floorspace and 31% of turnover within Moray.
- The total retail and floor areas at Edgar Road are approximately half of that in Elgin City Centre but the turnover is only slightly less than that of the city centre (£143m per annum of all goods).
- Total retail expenditure (including tourism expenditure) within Moray is £627m per annum, of which £498m is spent in Moray shops, £88m on special forms of trading (primarily online) and £41m in shops outwith Moray.
- Moray residents' available expenditure is £614.6m, which is split £247.6m convenience (i.e. food, newsagents etc), £277.9m general comparison (i.e. clothes, gifts, chemists) and £89.1 bulky goods (i.e. furniture, appliances etc).

3.4 **Retail deficiencies –** Comparing existing and future expenditure and notional average sales for existing and committed floorspace provides an indicative quantitative basis for assessing the general level of retail deficiencies (or where there is notional capacity for increased floorspace). The following has been identified

- At a Moray level there are no quantitative or qualitative retail deficiencies for convenience goods (i.e. food, newsagents etc). Speyside, Lossiemouth and Fochabers have a quantitative deficiency but are within the catchment area of superstores in Elgin. In Aberlour, Dufftown, Fochabers, and Rothes there is a qualitative deficiency in terms of lack of small supermarket/large convenience-format store in the region of 600-1,000 sqm compared to the existing smaller formats.
- At both a Moray level and for individual towns there is a significant retail deficiency for comparison goods (i.e. clothes, gifts, furniture, appliances, chemists etc). It is noted the scale of this varies depending on which growth scenario is considered. It is also noted market demand and trends are unlikely to support the scale of deficiency identified. Therefore, there is a low likelihood of any significant change to comparison space provision in most towns. However, within Elgin current national trends would suggest multiple national retailers are more likely to reduce space occupied.

- In the long term commercial leisure space is expected to grow significantly across all towns. Increased demand for leisure has the potential to offset the decline in comparison good retailing.

3.5 **Review of Main Town Centres** – A review of individual town centres including space in use, vacancies, perceptions of centres, and catchments is set out in detail within the study report. Consideration is also given to the context, prospects and recommendation for each centre are also set out. A summary of the key findings is set out below.

- Across the six town centres and commercial centres studied vitality and viability indicators were generally mixed with the exception of Forres that was relatively stronger.
- Vacancy rates were around the national average for Elgin and Keith. In Buckie, Forres and Lossiemouth vacancy levels were lower than national averages. Vacancies at Edgar Road Commercial Centre are above average. In September 2020 Goad reported that the UK national vacancy rate was 13.9% by number of units and 12.75% by floor area.
- Town centres and commercial centres generally have a good range of retail and services relative to their size. It is notable that Forres town centre has not seen the shift from retail goods to services seen in other town centres.
- Across town centres the prospects for retail growth are considered to be uncertain. Convenience turnover is expected to flatline/marginally decline. General and bulky good comparison forecast to grow but some scenarios indicate potential decline.
- Deficiencies' for general and bulky comparison goods have been found in most centres however in contrast market demand is considered to be limited. The main opportunity will be for an occupier identifying a specific local market opportunity and speculative retail development is unlikely.
- Market and commercial pressures indicate potential for further closures or relocation from Elgin City Centre units to units with larger floor areas and easy parking.
- Market interest in new retail floorspace at Edgar Road Commercial Centre is expected to be strong.
- Report includes recommendations regarding amendments to town centre boundaries and assessment of town centre sites with the best potential to accommodate new retail or commercial leisure space.

3.6 **Masterplans and new neighbourhoods –** The study set out the future retail and leisure requirements for five masterplan areas. Recommendations on the quantity and a type of retail and leisure space are provided. This includes phasing of the space. The table below summarises the space requirements.

Masterplan	Requirement	Total floorspace
Findrassie, Elgin (R11, I8, R12 and MU2)	350-500 sqm convenience format plus small number of additional smaller units.	Total floorspace 1,200 to 1,500 sqm.
	Small number of additional units for retail,	

	leisure business services and comparison retail.	
Elgin South (R19, R20 and LONG2)	Two village cores.	Total floorspace 1,000 - 1,250 sqm in each of the two village centres.
	500-700 sqm convenience format small number of additional smaller units. This could include convenience format in each village centre.	
	Small number of additional units for retail, leisure business services and comparison retail.	
Barhill Road Buckie (R8 and LONG1)	150-250 sqm small convenience format store or 1 or two smaller units.	Total floorspace 500-750 sqm
	Small number of additional units for retail, leisure business services and comparison retail.	
	It is noted initial commercial space could be provided on the completion of the first phase given the potential market within existing residential areas.	
Lochyhill, Forres (R3 and LONG1)	350-500 sqm convenience format store.	Total floorspace 1,200 to 1,500 sqm.
	Small number of additional units for retail, leisure business services and comparison retail.	
Mosstodloch (MU LONG1)	Small scale commercial/retail space should be encouraged.	

3.7 A review of existing LDP retail policy and the implications of the draft NPF4 policy are also included within the study. This recommends the existing policy approach is retained but with the following changes

- the network of centres is amended,
- an extension of permitted uses within Core Retail Areas,
- limiting uses considered detrimental to vitality and viability (e.g. betting, high interest money lending),
- assessment of impact for all locations, and requirements for all retail, leisure and uses generating significant footfall to satisfy a range of criteria.

3.8 The changes to the network of centres include re-categorising Lossiemouth as a town centre (currently a local centre), re-categorising Regent Street Keith as a local centre (currently a town centre), and adding Bishopmill, Southfield

Drive (Elgin), Cullen, Findhorn, Hopeman, and Lhanbryde as local/village centres.

4. SUMMARY OF IMPLICATIONS

(a) Corporate Plan and 10 Year Plan (Local Outcomes Improvement Plan (LOIP))
Planning policy must support city, town and local centres to adapt and be vibrant places for people to live, learn, work, enjoy and visit. Successful city, town and local centres support key priorities including supporting a diverse, inclusive and sustainable economy.

(b) Policy and Legal
Preparation of a LDP is a statutory requirement and the study recommendations will be used to develop policy and direct designations. A good evidence base to inform policy and designations is a statutory requirement. The study's recommendations will also be used to inform masterplans.

(c) Financial implications
None identified at present. Assessment of future applications may require specialist retail planning input.

(d) Risk Implications
Not using the findings of the Moray Retail Study as a material consideration would mean that planning decisions are not based on the most up to date information available and could potentially have implications for town centre viability.

(e) Staffing Implications
None. The findings and recommendations will now be taken forward during the review of the LDP and masterplans by existing staff resources.

(f) Property
No specific implications for property at this stage however Moray Council owns/manages land and property within identified town centres.

(g) Equalities/Socio Economic Impact
None.

(h) Climate Change and Biodiversity Impacts
Supporting vibrant city, town and local centres helps to direct development to the most sustainable locations that are accessible by a range of sustainable transport and provide communities with easy access to goods and services they need.

(i) Consultations
Consultation has taken place with the Depute Chief Executive (Economy, Environment and Finance), the Head of Economic Growth and Development, Development Management and Building Standards Manager, the Legal Services Manager, the Equal Opportunities Officer,

Principal Climate Change Officer, Lissa Rowan (Committee Services Officer) and their comments incorporated into the report.

5. CONCLUSION

5.1 A Retail Study was commissioned to provide up to date information and analysis to inform strategy, policy and designations within the next Moray Local Development Plan. The study will also be used to support decisions on planning applications and inform masterplans.

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Background Papers:
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