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**Tonbridge Town Centre
Stage 1 Report - Final Draft**

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1.0 INTRODUCTION

- 1.1 This report has been prepared by Nathaniel Lichfield and Partners (NLP) on behalf of Tonbridge and Malling Borough Council (TMBC). It examines the potential for further development within certain land use categories in Tonbridge town centre by looking both at economic capacity and demand. It provides a preliminary view on these issues based upon desk top research.
- 1.2 The information in the report is drawn from a number of sources including a canvas of existing and potential retail and leisure operators, a quantitative analysis of the scope for further retail floorspace undertaken by NLP, a number of published data sources, and discussions with agents with local knowledge.
- 1.3 This report specifically reviews:
- The quantitative capacity for further convenience and comparison retail floorspace in Tonbridge Town Centre retail operator demand (from both existing operators and those not currently represented) (section 2.0)
 - Leisure capacity and operator demand (section 3.0)
 - Potential demand for office floorspace (section 4.0)
- 1.4 The conclusions arising from this analysis are set out at section 5.0 and the report is accompanied by a number of appendices.

2.0 QUANTITATIVE CAPACITY AND DEMAND FOR ADDITIONAL COMPARISON FLOORSPACE

- 2.1 The comparison capacity retail assessment was undertaken in June 2004 and assessed the scope for additional comparison goods floorspace within Tonbridge Town Centre in the period to 2016. The full report, tables and plan can be found in Appendix 1.
- 2.2 Tonbridge is one of eight Principal Town Centres Kent including Maidstone and Tunbridge Wells, beneath Bluewater as the regional centre and five sub-regional centres. Tonbridge's retail function is therefore constrained by competing surrounding centres, several of which have stronger comparison floorspace elements than Tonbridge and which operate and will continue to operate at higher levels in the retail hierarchy.
- 2.3 This is reflected by the current retention rates identified within the primary and secondary catchment areas of Tonbridge being relatively low (around 38% and 17% respectively). This implies that the bulk of comparison goods spending within the primary and secondary catchment areas is being spent outside the town and given the limited levels of comparison good floorspace elsewhere in the catchment areas and outside the catchment areas.
- 2.4 The scope for additional comparison floorspace arises from growth in both population and expenditure. In addition to assessing this on the basis that Tonbridge maintains its current retention rate we recognise two converse trends which may influence the towns future retention rates.
- 2.5 Firstly, Tonbridge's market share is likely to have declined in recent years with the development of Bluewater, and is also likely to experience a further impact with the development of the Fremlin Centre in Maidstone in Spring 2005. Conversely, the implementation of the Cannon Lane commitment is likely to increase the potential for Tonbridge to claw back an element of trade and the identification of further potential retail sites within Tonbridge would also offer the potential to increase retention
- 2.6 In view of this, we have undertaken a sensitivity analysis of a range of scenarios which is detailed in Table 4.1 in Appendix 1. In summary, this indicates in 2011 there is scope for up to 8,353 sq.m gross additional retail floorspace, and by 2016 for between 4,150 sq.m and 16,024 sq m gross. We would emphasise that these are

indicators of a broad magnitude of the scope for additional comparison floorspace which could be accommodated.

3.0 QUANTITATIVE CAPACITY AND DEMAND FOR ADDITIONAL CONVENIENCE FLOORSPACE

- 3.1 An assessment of the need for further convenience floorspace in the period to 2016 in Tonbridge Town Centre has been undertaken. The full report, tables and plan can be found in Appendix 2.
- 3.2 To provide an assessment of the capacity for further convenience floorspace a catchment area has been defined from which expenditure to Tonbridge's convenience floorspace would be primarily drawn. The population and total convenience expenditure available in the catchment area has then been assessed and the benchmark turnover of the existing convenience facilities has been identified. This information has then been used to assess the capacity for additional floorspace in the period to 2016. This is the difference between available expenditure and the turnover of existing floorspace.
- 3.3 The catchment area has been based on an assessment of Tonbridge's natural catchment area and includes Tonbridge town centre and surrounding settlements. The population within the catchment area primarily comprises residents from Tonbridge and Malling BC with a small proportion from Tunbridge Wells BC and Sevenoaks BC. The population has been projected forward to 2016 on the basis that each constituent local authority area within the catchment changes at the rate of that local authority overall.
- 3.4 Expenditure within the study area has been forecast using Experian's latest national expenditure projections between 2003 and 2013. Available convenience within the catchment area is forecast to increase by 11.3 million over the 12 year period from 2004 to 2016.
- 3.5 To assess the current retention rate the benchmark turnover of the main existing convenience facilities within Tonbridge was identified. The analysis assumes that the total turnover of the existing convenience floorspace within the catchment area is £66.39 million in 2004.
- 3.6 The assessment of the available expenditure in Tonbridge identifies a relatively small residual capacity up to 2006, this increases to £9.18 million in 2011 and £14.38 million in 2016. The resultant level of floorspace which is capable of being supported (on the basis of the average of the five main foodstore operators) is therefore around

415 sq m net in 2006, 857 sq m net in 2011 and 1,344 sq m net in 2016. This is a relatively low level of floorspace and would be sufficient to support only a small supermarket (or moderate extension to an existing store) up to 2011, and only a medium sized supermarket (or larger extension) in the longer term to 2016.

4.0 DEMAND FROM EXISTING AND NEW OPERATORS

4.1 A survey of commercial operators including retailers within Tonbridge town centre and a survey of national retail and leisure operators have been undertaken. A copy of the questionnaires can be found in Appendix 3 and 4.

Occupier Perceptions and Property Market Potential

4.2 The survey of commercial operators within Tonbridge town centre resulted in the receipt of 45 responses (a response rate of 20%). The occupiers were asked to give their views on:

- Current and future trading performance;
- Future plans to improve or rationalise their premises
- The main strengths and weaknesses of their town centre;
- How their town centre could be improved; and
- The future management of the town centre.

4.3 The responses suggest that a high proportion of retail and non-retail businesses have been trading in Tonbridge town centre for over ten years (73.3%) suggesting, if the sample is representative, that there are a lot of well established businesses in the centre. Only a relatively small proportion of businesses who responded had been trading in the town for less than two years (6.6%).

Future Property Requirements

4.4 Most occupants in Tonbridge town centre who responded appear to be content with their existing premises, with nearly 80% having no plans to alter them or relocate. Only one occupier suggested they intended to close or relocate outside the town centre. These results suggest that most occupiers are committed to remain in the town centre.

Table 4.1: Plans to Change Business

Future Plans	TonbridgeTown Centre	
	No.	%
No Plans	34	75.6
Extend/Improve	7	15.6
Relocate within town	1	2.2
Close	1	2.2
No Response	2	4.4
TOTAL	45	100

Source: Tonbridge Business Occupier Survey August 2004

Trading Performance

- 4.5 A significant proportion of respondents considered their current trading performance to be 'good' or 'satisfactory' (88.9%). Only 8.9% of businesses consider their current trading performance to be 'poor'. This suggests that the trading performance of the town centre is relatively buoyant.
- 4.6 Over 40% of respondents considered that their performance had improved over the last year, with just over 9% indicating that their performance had declined over the last year.
- 4.7 Operators were asked about their expected future trading performance, a high proportion of businesses were optimistic with over 90% considering that their performance would improve or stay the same. Only 4.8% of occupiers expected their trading performance to decline in the future.
- 4.8 When asked what they perceived to be the constraining factors affecting their outlet's trading performance, rents/overheads, general economy and availability of car parking were the main constraints mentioned by the occupiers who responded in Tonbridge. A detailed table of factors constraining businesses trading performance can be found in Appendix 4.
- 4.9 Over half those occupiers who responded (51.2%) considered that the towns current shopping and services mix had too many small (independent) shops and not enough chain stores, however, over 30% considered that there were too many large (chain) stores and not enough small (independent) shops.
- 4.10 Business managers were asked to rate aspects of Tonbridge. A significant proportion rated the range of shops and services as 'poor' (78%) as well as the quality of shops and services (80%). The quality and number of places to eat and drink was given a 'good' rating by over 55% of respondents. Bus services and safety and security in Tonbridge town centre were also given a 'good' rating by a significant proportion of respondents. Please see Appendix 4 for a detailed table of responses.

Important Future Planning Issues

- 4.11 Occupiers considered that the most important planning issues for the future, were the need to increase the number of chain stores, as well as improve the quality of shops and services and improve the appearance of the centre. Please see appendix 4 for a detailed table of responses.

Conclusions on Retail Capacity and Demand

- 4.12 The survey of commercial operators within Tonbridge has identified that there are a lot of well established businesses in the town centre many of which are content with their existing premises and committed to remain in the town centre. A high proportion of respondents are optimistic about their future trading performance.
- 4.13 However, the survey identified that occupiers consider the current range and quality of shops and services to be poor and that an important future planning issue is to improve the quality of shops and services and increase the number of chain stores in the town centre. This in part is likely to reflect the relatively low level of Tonbridge in the retail hierarchy and its subordinate nature to Tunbridge Wells and Maidstone.
- 4.14 The survey of national retail and leisure operators and published requirement identified a low demand by convenience retailers for locations in Tonbridge except for niche retailers, Aldi and Farmfoods. This is consistent with the quantitative assessment which identified a low level of demand for convenience goods floorspace in the period to 2016.
- 4.15 In terms of comparison retailers, a range of operators identified a requirement in Tonbridge including Brantano Footwear, New Look, Staples, Argos, Matalan, Pets at Home and Superdrug. This is broadly consistent with the quantitative assessment which identified some scope for comparison goods floorspace.

5.0 COMMERCIAL LEISURE FACILITIES IN TONBRIDGE

- 5.1 Tonbridge has a limited selection of commercial leisure facilities, which reflects its limited catchment population and the proximity of major facilities in surrounding towns. Most facilities are small independent establishments.
- 5.2 While the limited catchment area will limit opportunities for large scale leisure facilities, the commercial leisure catchment population of Tonbridge which we assume equates with the comparison catchment area (60,642) is in theory capable of supporting a variety of commercial leisure facilities including bars and restaurants and medium sized private health clubs.
- 5.3 The canvas of retail and leisure operators indicated that there is interest in the Tonbridge area from large scale health and fitness clubs including Esporta and David Lloyd. Several restaurants and pub chains also have an interest in locating in the area including, SFI Group, Pizza Hut, Frankie and Benny's, Famous Moe's Pizza Ltd and Subway.
- 5.4 The cinema capacity assessment indicated that there is potential for cinema development in Tonbridge however the capacity is likely to suit an independent cinema operator. If 100% retention rate of cinema trips within the catchment area is assumed then by 2011 there is a potential catchment for a two screen cinema or 550 cinema seats. Due to competing provision in neighbouring towns, it is unlikely that Tonbridge will retain 100% of cinema trips generated by its catchment population. If a retention rate of 50% of cinema trips within the catchment area is assumed, which is more realistic then only a small independent cinema of approximately 300 seats could be supported. Smaller operators such as City Screen, Mainline Pictures and Reeltime Cinemas have opened new or taken over small cinemas of this kind in recent years. VUE cinemas have indicated an interest in the Tonbridge area, however, at this time they only have a general interest and have no specific sites in mind.

6.0 DEMAND FOR OFFICE FLOORSPACE

Approach to Assessment

- 6.1 To assess the existing and potential office market in Tonbridge, we gathered data on trends in supply and demand and current market for office space and several local commercial agents with experience in this area were contacted. Our analysis does not look at the office market from an employee demand perspective.
- 6.2 Currently in Kent the office market is focused in three main locations, Kings Hill Business Park in West Malling, Crossways Business Park in Dartford and the Chatham Maritime Scheme. This has meant that Kent's main towns have been bypassed to a significant extent as the business parks dominate the office market.
- 6.3 Tonbridge office space is mainly made up of conversions, with offices located former residential dwellings or shop units. There are a few purpose built offices near the castle.

Supply

- 6.4 Past A2/B1 office completion data for Borough of Tonbridge and Malling shows that completions have fluctuated between 1991 and 2003 between 7,048 sq m (2002/03) and 19,300 sq m (1997/98). However, available figures are for the whole borough and therefore are dominated by the office development completed at Kings Hill in West Malling and do not provide any real information in relation to the Tonbridge town centre market.
- 6.5 There is a reasonable amount of vacant office space currently in Tonbridge town centre. The Council's vacancy register identifies fifteen premises, all of which are within Tonbridge town centre, this is not an exhaustive list but identifies the type of premises available. The register does not quantify the amount of vacant office floorspace in Tonbridge, but identifies that the vacant office space ranges in size, with the largest current vacant office space in the centre comprising 3000-6000 sq ft.
- 6.6 Recent planning permissions for office space in Tonbridge town centre include the redevelopment of part of the high street (Cattle Market site) to provide 62 new dwellings and a new office building of 1,500 sq m with 44 car spaces. However, there

have also been several applications for the conversion of offices space to residential use potentially reflecting a greater demand for and value of residential space.

Demand

- 6.7 The Kent Property Market Report 2003 indicates that Kent's office market continually outperforms the UK and South East office markets, however general market conditions have reduced activity levels causing a reduced demand for all office types. There is good availability of town centre office premises, with office rents being maintained in 2002 and 2003 and expected to sustain current levels during 2004. Yields in Kent have generally strengthened by up to 0.5%, however investor demand remained cautious in 2003. Significant sales in 2003 identified one office sale in Tonbridge, Croft House on East Street of 974 sq m with an initial yield of 8.35%. One significant sale was also identified in Tunbridge Wells on Mount Ephraim Road of 548 sq m with an initial yield of 8.14% and in Maidstone on King Street of 967 sq m with an initial yield of 7.53%.
- 6.8 Commercial yields are a measure of property values, which enables the values of properties of different size, location and characteristic to be compared. The level of yield broadly represents the market's evaluation of risk and return attached to the income stream of shop rents. Broadly speaking low yields indicate that a centre is considered to be attractive and, as a result, more likely to attract investment and rental growth than a centre with high yields. This indicates that Maidstone and Tunbridge Wells are more likely to be attractive to investment in the office market than Tonbridge. However, care needs to be taken in drawing conclusions from individual transactions as the circumstances of each case need to be taken into account and they may not be typical. Notwithstanding this, these conclusions are broadly consistent with other indicators of the relative office markets.
- 6.9 Average town centre office rents 2002/2003 were over £200 per sq m in Sevenoaks and Maidstone, slightly less in Ashford and Tunbridge Wells and approximately £150 per sq m in Tonbridge town centre. This is a slightly lower figure than that indicated in the Tonbridge town centre focus report.
- 6.10 The Focus Town Centre Report for Tonbridge gives a prime rental value for office floorspace of £172 per sq m in January 2001 and indicates that the prime rental level stayed constant between 1998 and 2001. Discussions with local agents suggested that rental values for office space vary in Tonbridge town centre, with only good

quality top end premises reaching rental levels of £172 per sq m. For reasonable quality premises local letting agents indicated that rental levels were around £97-£108 per sq m with the rental levels at the lower end of the market of around £65 per sq m.

- 6.11 Demand for office space in Tonbridge town centre is limited due to the close proximity of other larger town centres which have better transport links (closer to the M25) and purpose built office space.
- 6.12 The Valuation Office Agency (VOA) report provides headline rental values for Tunbridge Wells, with town centre locations over 1,000 sq m reaching £150 per sq m per annum, town centre locations between 150 sq m – 400 sq m reaching £180 per sq m per annum and converted former dwellings reaching £140 sq m per annum. No rental information was available for Tonbridge from the valuation office agency (VOA). This is consistent with the feedback from office agents that suggested higher rental levels were achieved in Tunbridge Wells.
- 6.13 The local agents indicated that the stock of office space in Tunbridge Wells was of a better quality than that in Tonbridge with a higher proportion of purpose built offices, therefore higher rentals are achievable in the town centre.
- 6.14 From discussions with both national and local office agents, there seems to be limited demand for speculative space in Tonbridge. They indicated that in the last 6 to 9 months available office space has been increasingly difficult to let indicating reduced demand and therefore there is not enough demand to develop speculative office space in Tonbridge. Agents also indicated that there was limited space in Tonbridge town centre for speculative office development and therefore any development would have to involve the redevelopment of part of the town centre.
- 6.15 The office market in Tonbridge town centre is a local one and does not achieve the levels of national office interest that centres such as Tunbridge Wells and Maidstone obtain. Space is mainly sought by local firms. Agents indicated that the current supply of office space outweighs the demand in Tonbridge town centre.

Conclusion

- 6.16 The assessment of the existing and potential office market in Tonbridge suggests that the centre primarily has a local office market, with premises generally accommodating local firms.

- 6.17 Rental levels are lower than surrounding towns reflecting the limited amount of purpose built flexible office space and transport links and limited evidence suggests yields are higher than in surrounding towns such as Maidstone and Tunbridge Wells meaning that Tonbridge is less attractive to inward investment.
- 6.18 Within Tonbridge there seems to be limited scope for development of speculative office space. In the current market this is likely to be due to the existing supply of vacant office space in the town centre and the local nature of demand. Further, the lack of available sites for office development is unlikely to encourage the creation of a market.
- 6.19 On balance the current office market in Tonbridge has seen supply outweigh demand.

7.0 CONCLUSION

7.1 The analysis of the potential for further development within certain land use categories in Tonbridge town centre has provided the following conclusions:

- The quantitative capacity analysis suggests that there is scope for additional comparison floorspace in the period up to 2016;
- For the scale of centre, demand from comparison retailers is reasonable with a range of national retailers suggesting they have a requirement for units in Tonbridge, albeit in a mix of formats, not all aimed at 'high street' locations.;
- The quantitative capacity analysis for convenience goods suggests that there is only limited scope for additional convenience floorspace in the period up to 2016;
- However, demand by convenience retailers for locations in Tonbridge is low except for niche retailers, Aldi and Farmfood;
- The occupier survey suggests that Tonbridge there are a lot of well established businesses, many of which are committed to remaining in the town centre. A significant proportion of those business occupiers who responded suggested that an important planning issue for the future is to improve the range and quality of shops and services and increase the number of chain stores;
- The capacity analysis for leisure facilities in Tonbridge suggests that there is limited opportunity for large scale leisure facilities. However, the commercial leisure catchment in theory is capable of supporting a variety of smaller leisure facilities such as health clubs, bars and restaurants. The survey of retail and leisure operators identified requirements by two health club operators, Esporta and David Lloyd and several restaurant and bar operators;
- The cinema capacity assessment indicated that there is potential for cinema development in Tonbridge, however the level of projected capacity is only likely to suit a small independent cinema operator;
- The assessment of the existing and potential office market in Tonbridge suggests that the centre primarily has a local office market with limited recent track record in attracting outside investment.
- Office rental levels are lower than in surrounding towns and it seems that in the current market supply outweighs demand. There is limited demand in Tonbridge for speculative office development.