

Soft Market Testing of Retailers – Newton Aycliffe

For the Great Aycliffe Neighbourhood Plan

**Report by Sanderson Weatherall
July 2015**



A - BACKGROUND

1. The County Durham Plan and Great Aycliffe Neighbourhood Plan form the emerging Development Plan for the Parish of Great Aycliffe.
2. In terms of retail policies the County Durham Plan defines Town Centre boundaries and Primary and Secondary shopping frontages. It does not, however, allocate any land specifically for new retail facilities.
3. As part of Durham County Council's evidence base GVA were commissioned to carry out a Retail and Town Centre Study in 2009 which was updated in 2013
4. The Study recognised there was leakage in terms of resident spend on clothing items and bulky goods, however notably the Retail and Town Centre Study concluded;

'..it is considered that there is limited prospect of attracting the necessary national multiple retailers to deliver a step change in provision and performance. The proximity and access from the town to higher order centres in the sub region (Bishop Auckland and Darlington in particular) constrains retailer demand.'

5. After overwhelming support from Great Aycliffe residents in the Neighbourhood Plan consultation to improve the retail offer on the town, in particular national brands the Great Aycliffe Neighbourhood Plan Team acknowledged how important retail was for residents. They sought funding to undertake an independent Soft Market Test which would provide an up to date position on retail for Newton Aycliffe. Sanderson and Weatherall were commissioned to carry out the Soft Market Testing exercise to contact retailers directly and ask a series of questions to ascertain if they would be interested in setting up business anywhere in Aycliffe and, if not, why not.

B - INTRODUCTION

6. As a result Sanderson Weatherall were commissioned to undertake a soft market testing exercise to gauge commercial interest from retailers who would possibly have an interest in locating within the town across a number of sectors with a key emphasis on comparison goods retailers, sports and clothing retailers and electrical goods retailers (see appendix 1 Great Aycliffe Town Council brief).
7. Following our appointment we also agreed to include commercial leisure (restaurant/café/bar) into our investigations.
8. The aim of the commission was to have direct contact with retail operators to see if there was interest in the town, to quantify this interest and find out if the current town centre or alternative sites would be in demand. We were also seeking to discover from retailers if there was anything that could be done to encourage interest in the location.

C- RESEARCH

Retail Context and Approach

9. The soft market testing involved contacting a variety of retailers utilising our own database of contacts generated from our expertise as retail agents across the UK and within the North East.
10. Retailers are extremely sophisticated but are not easy to engage with for longer term planning as their focus tends to be more immediate within a context of constantly evolving patterns of shopping.
11. Their requirements are much harder to predict than other property sectors such as housing, industrial and office uses which despite uncertainty in recent years do not experience the same levels of complexity such as changing shopping patterns and methods with internet shopping such as click and collect and changing formats.
12. Retailers no longer grow solely by occupying more locations. We have all seen examples of this where major grocery retailers have changed from larger formats to a mixed range including smaller and more local offerings. This is not, however, a universal strategy with some major names recently withdrawing from the smallest formats and other 'value' grocery retailers adopting an altogether different approach.
13. For comparison goods the internet has become a major player with many retailers also embracing a click and collect approach. This means that the quality of the shopping experience has become more important but tends to be focused on fewer, better stores which can impact on the offer in locations lower down the retail hierarchy. Many retailers now consider wider demographic areas and pick and choose key locations to cover their requirements for a region. They have grown to realise there is a finite trade in a particular area and that additional units can effectively 'cannibalise' trade from existing units resulting in an increase in overhead for

little or no additional sales.

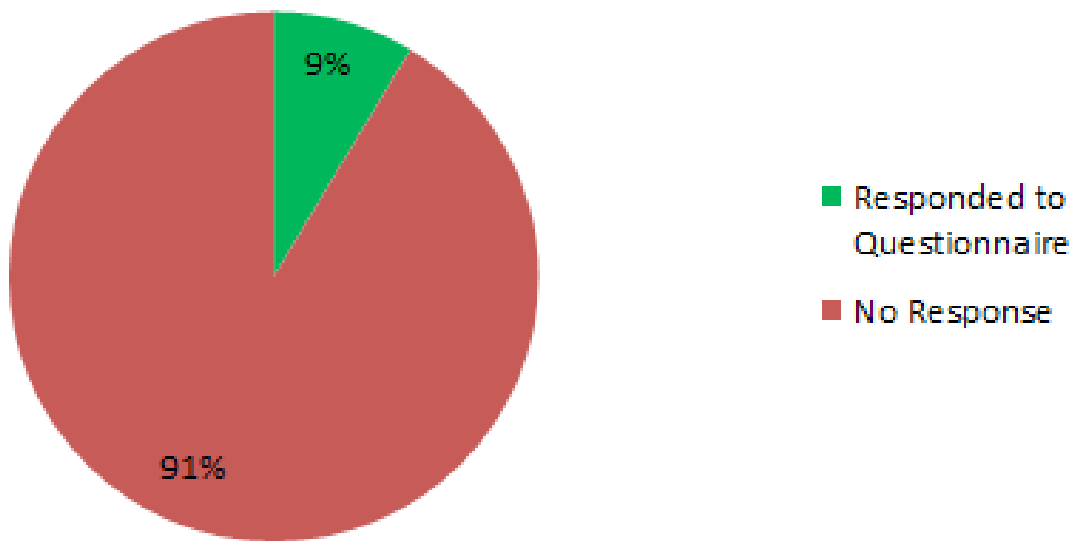
14. As trends in retail are constantly changing it is hard to have significant dialogue with retailers until there is an actual proposition for them to respond to. Engagement is easier for project specific discussions where their input will be based on their possibly taking space or influencing detailed design and layout with a view to securing them as a pre letting on the development. In those circumstances they are willing to invest significant time and resource in considering the specifics of the location. When something is within a longer term planning framework they are much less likely to engage as their day to day focus is on more immediate needs of their business.
15. We were therefore careful to approach this exercise with the right amount of detail. Too little and the information is less useful but too much and they are less likely to engage.
16. The questionnaire (see appendix 2) was designed in such a way as to discover the views of retailers on taking new or additional space in Newton Aycliffe, given the aspiration for new retail from the Great Aycliffe Council through the Neighbourhood Planning process and the limitations in place as a result of the County Councils quantitative retail study update.
17. The survey was also structured to tease out trends and nuances as well as the quantum and location of demand

The Sample

18. Using a simple questionnaire we contacted 139 retailers by mail, email and telephone with a simple but structured questionnaire, using multiple contacts where available. (See appendix 3 for names of the various retailers contacted).
19. Full details of the retailers who responded is known but results are kept to sector type and not name specific to maintain commercial confidentiality and encourage greater participation.
20. The consultation was held between the 3rd and 24th June 2015 and we contacted each target multiple times.

OVERALL RESPONSE

- 21. Overall the response from retailers was poor with only 9% of retailers willing to complete the full questionnaire
- 22. As we have already stated it can be difficult to engage with end users unless there is a firm proposal for them to



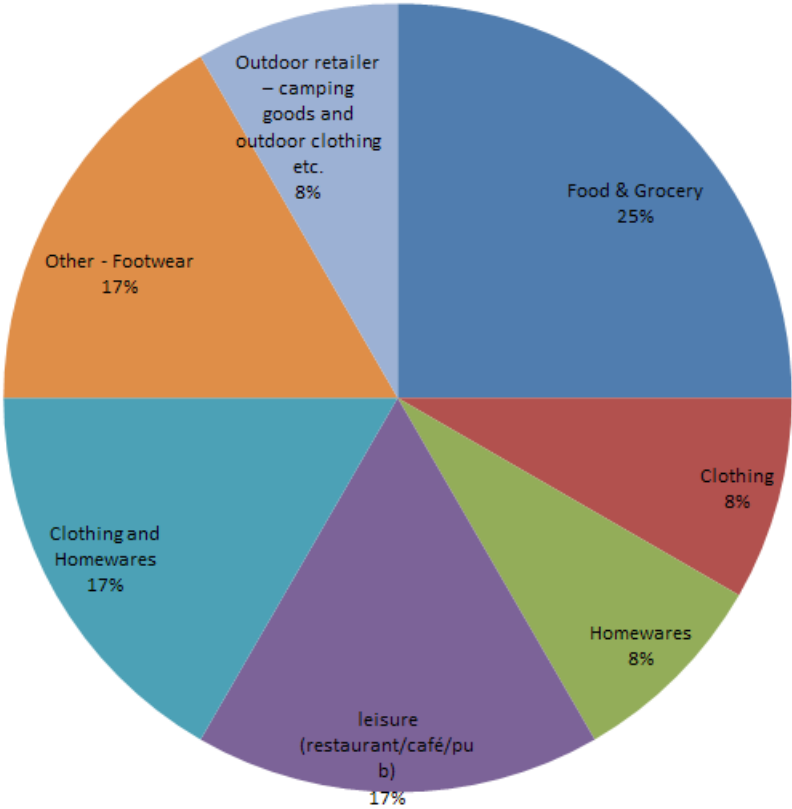
respond to, for example, a new retail development proposal which has achieved planning permission or has had an application submitted.

- 23. Even without such a proposition we would have expected a much greater response for a location where there is latent retailer demand and we consider the level of response is an indicator that there is not significant demand.
- 24. Our analysis of results obtained does need to be taken in the context of a small number of responses and can easily be influenced by a single respondent.

FINDINGS FROM RESPONSES

- 25. Our analysis of results obtained does need to be taken in the context of a small number of responses and can easily be influenced by a single respondent.
- 26. The responses we received came from a broad range of retail types as shown in figure 2 below:

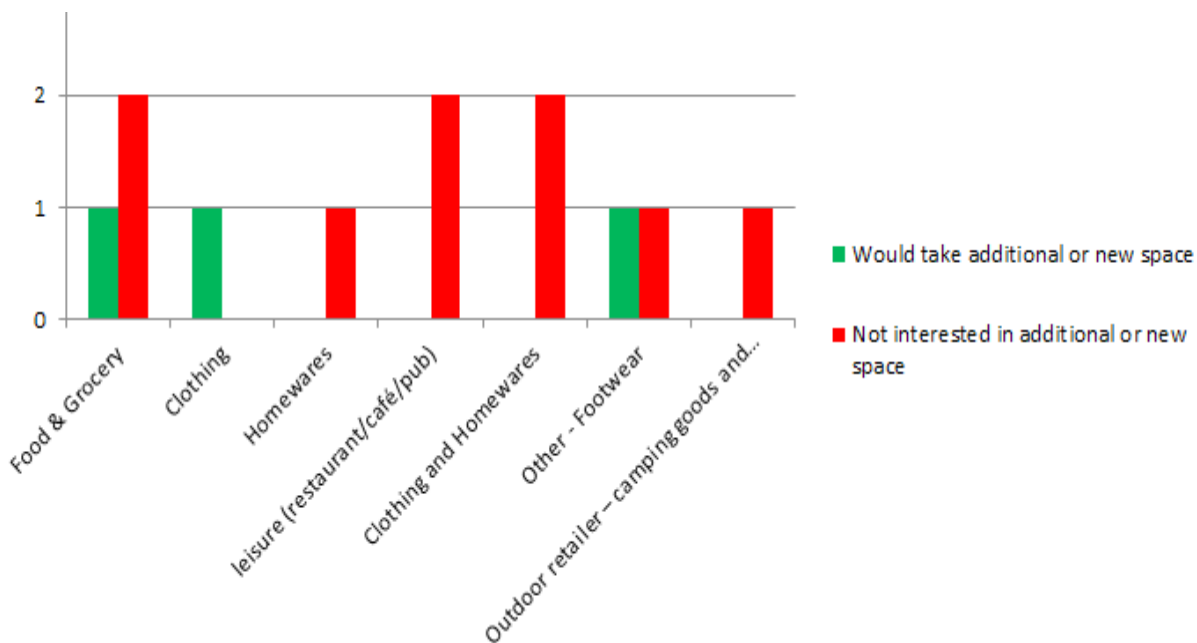
Figure 2 Retailer Type



- 27. There was no response from retailers of electrical goods, music, dvds and books.

DEMAND

28. Of the three parties who expressed interest, the food & grocery and the footwear retailer expressed interest in an out of town location.
29. The clothing retailer (sportswear and equipment) had previously considered the location but would only consider on a low cost deal due to limited turnover projections.



30. In addition to the formal response we also had one leisure retailer express an active interest in the town who was unwilling to complete the questionnaire. This is an actively advertised requirement which is currently unfulfilled.
31. Whilst this does not provide a strong evidence base for additional retail space we would recommend follow up with these parties to consider what could be done to encourage and secure this interest.

32. From the responses received 7 advised that they had branches in nearby locations including Durham, Darlington, Bishop Auckland and Northallerton. Only one of these (food and grocery) was interested in additional space and they already had existing accommodation in the town centre. Given the general changes in retail trends and the nearby proximity of other retail centre higher up the retail hierarchy, this is a significant obstacle to attracting new retailers. The limited evidence from our survey supports this view.
33. We also sought views from respondents on what action could be taken to improve the attractiveness of the town to retailers. 75% of respondents either gave no answer or stated that nothing could be done to improve attractiveness. Of the remainder, two suggested new out of town facilities and one advised improvements to the retail core, including a stronger retail mix.

FINDINGS FROM RESPONSES

34. In conclusion there is no evidence to support additional retail space based upon the response to the soft market testing exercise. This is not surprising given the general trends towards fewer better sites and retailers' unwillingness to open new stores close to existing as they 'cannibalise' the existing trade.
35. We would suggest that even though there is not enough demand to justify additional retail space some follow up work should be undertaken from the 4 specific retailers who expressed an interest in Newton Aycliffe. In our view two of these are firm interest in the location and two are tentative interest which should be encouraged to see what measures could be taken to secure that interest. We would be willing to facilitate dialogue with these parties.
36. All stakeholders need to be proactive to improve the retail core and retain existing occupiers and provide an environment which will encourage new retailers.
37. Finally we must stress that this is a snap shot in time and there may be benefit in repeating this exercise in the future particularly as and when significant industrial and residential development occurs which could change the characteristics of the area and potentially make this a more attractive location for retailers.

APPENDICES

APPENDIX 1 THE BRIEF

Soft Market Testing of Retailers – Newton Aycliffe Quotation Brief

Background - Great Aycliffe

Great Aycliffe comprises the town of Newton Aycliffe and the villages of Aycliffe and School Aycliffe. The population of Great Aycliffe is approximately 26,633 (ONS Census 2011) and is predicted to increase.

Great Aycliffe is a vibrant community, set in an attractive semi-rural setting. It is bounded on all sides with open countryside and the area is administered by Great Aycliffe Town Council and Durham County Council.

The Town Centre has a mix of individual retail outlets and chain stores, with individual retail outlets in neighbourhood areas. The redevelopment of the town centre commenced in January 2009. A wider range of shopping facilities is available in Darlington, Bishop Auckland and Durham. Housing conditions are generally above average. Significant levels of new house building mean that Aycliffe can offer a wide choice of starter, family and executive homes to new residents coming to the area. There are an additional 2000 houses planned in the County Durham Plan for the Great Aycliffe area.

Aycliffe Business Park will become the largest business park in the North-East with global names such as Gestamp, Ebac, Husqvarna and 3Ms already well-established here and Hitachi will make a huge positive impact to the whole area. The Aycliffe Business Park comprises 230 hectares and is a base for a mix of local, national and international companies. The Business Park currently employs approximately 8500 people with, potentially, an additional 4500 jobs coming in the near future.

The towns and villages have excellent road links to the A1, and Newton Aycliffe has a train station on the Darlington to Bishop Auckland rail line and there is also a train station which predominantly serves the business park. Newton Aycliffe is very close to the Durham Tees Valley airport making the distribution and delivery of goods very easy.

Great Aycliffe Neighbourhood Plan

Great Aycliffe Town Council are in the process of producing a Neighbourhood Plan for the area. Initial public consultation has identified concerns over retail provision within the town and a lack of high quality retailers within the town. These retail issues are considered to be the key issue that the Neighbourhood Plan should address. Headlines of this consultation are:

- The first round of consultation for the Great Aycliffe Neighbourhood Plan received numerous comments from 1268 individuals.
- The most important topic for residents was retail.
- 94.5% of respondents said they used the Town Centre to shop and 52% reported using various local precincts across the town.
- 46% of respondents said they shopped out of town.
- 63% said they shopped online and this appeared to be mainly for good quality clothing, sports equipment, electrical items and gifts. This also echoed respondents' out of town shopping habits.
- Nearly 600 people said they wanted better and/or different shops
- 50% of respondents identified that retail in the town needed to improve.
- Retail was identified as the top priority for the town

Considering all of the above, the overriding feeling was that there is a desire to see an improved retail offer within the town, be it within the town centre or another area of Newton Aycliffe. From the Town Councils work with business networking group this is also supported by companies on the Aycliffe Business Park.

The County Durham Plan 2014 (Statutory Local Plan)

The County Durham Plan forms the emerging Development Plan for the town. This was submitted in April (2014) and the strategic elements of the Plan were subject to Examination in Public (EIP) in October and November 2014. Subject to a favourable Inspectors report on Stage 1, Stage 2 of the EIP will re-commence later this year and will specifically look at site allocations. Ultimately this Plan will form the Development Plan for the Great Aycliffe area and replace the existing saved policies within the Sedgfield Local Plan (1996).

With regards to the Great Aycliffe area, the Plan has allocated land for 2030 new dwellings for Newton Aycliffe including a large strategic site at Low Copelaw. In addition there are 123ha allocated for employment use including the site known as Merchant Park which will be the site of the new Hitachi train manufacturing plant. This will form a significant extension to the existing business park.

In terms of retail policies the Plan defines Town Centre boundaries and Primary and Secondary shopping frontages. It does not, however, allocate any land specifically for new retail facilities. The Retail and Town Centre Study that was carried out by retail consultants GVA, identified that there was no need to actively plan for new retailing facilities in the town through a specific site allocation. This work by GVA included an analysis of convenience, comparison and bulky goods retailing and identified insufficient capacity to justify site allocations. This formed the primary evidence base for the retail policies within the Plan.

Notably the Retail and Town Centre Study concluded;

'..it is considered that there is limited prospect of attracting the necessary national multiple retailers to deliver a step change in provision and performance. The proximity and access from the town to higher order centres in the sub region (Bishop Auckland and Darlington in particular) constrains retailer demand.'

Further work which looked at need based on strategic housing growth and existing commitments also failed to identify any substantive capacity until post 2023. It was suggested that updates to the Retail and Town Centre Study consider allocations for later phases of the Plan.

Implications for the Neighbourhood Plan

In accordance with Neighbourhood Planning regulations, the Great Aycliffe Neighbourhood Plan should be in general conformity with the County Durham Plan. In order to address the concerns of the consultation response, the Town Council are keen to understand in the first instance how attractive the town would be to new retailers with the view to providing a policy response within the Neighbourhood Plan.

The weight of the consultation response has given the Town Council Officers an opportunity to investigate this further. Durham County Council Officers are providing guidance on the soft market testing. It is considered essential by the Town Council that independent validation of GVA findings is ascertained to satisfy the demands of the residents.

The consultation responses identified particular shortfalls in clothes shops, sports retailers and stores selling electrical goods. Any new retail policy or allocation within the Neighbourhood Plan that is not in accordance with the County Durham Plan would require sufficient evidence to justify a departure from the County Durham Plan.

Soft Market Testing

Therefore what the Town Council as client requires is a soft market testing exercise to gauge commercial interest from retailers who would possibly have an interest in locating within the town. The Council would wish for sufficient testing to be carried out across a number of sectors with a key emphasis on comparison goods retailers, sports and clothing retailers and electrical goods retailers.

Particular issues the Town Council are keen to understand are:

- Would retailers consider locating in Newton Aycliffe?
- What type of retailers/if any are interested in locating in Newton Aycliffe?
- What would encourage retailers to Newton Aycliffe?
- Have retailers considered Newton Aycliffe before?
- What has made retailers consider other locations ahead of Newton Aycliffe/What has put off retailers locating within Newton Aycliffe?

The findings of the soft market testing should then be reported back to the Town Council within a written report. It is ultimately the Town Council's aim to understand what retail interest exists in Newton Aycliffe.

Should the report identify a strong interest from retailers, it is anticipated that this can then form the first element of evidence that may justify new retail policies for the town. Should the report conclude the opposite, then it will provide the market reality in response to the consultation exercise that has identified the need for improved retail facilities as the top priority for the town.

Contract and Service Management Requirements

Angela Corner from Great Aycliffe Town Council will be the main link officer for the project. In addition, support will be provided by officers from the Spatial Policy team within the County Council.

At this stage the Town Council are initially looking for a quotation to undertake the Soft Market Analysis work detailed below, with an anticipated start date of mid-March.

The appointed consultants will be expected to produce regular verbal or electronic updates. Tender proposals must include a suitable explanation and commitment of the method of liaising with the Client during the project. A project management structure that identifies the key milestones and dates for their delivery must also be provided.

The successful consultants must be willing to appear at any Examination in Public of the Neighbourhood Plan to defend the findings of their assessment.

Format and Content of Responses

All submissions should be quoted in the following manner;

- Understanding of the Town Council's requirements.
- Proposed methodology
- Project timing plan
- Resume of experience of similar studies your organisation has undertaken.
- Any previous client references.
- Risk assessment
- Explanation of method of liaising with the client during the project.
- Confirmation of willingness to appear at Examination in Public.
- Costs

Project Timetable

Quotations to be received by no later than NOON MONDAY 16TH FEBRUARY 2015

Quotations will provide all the information detailed above.

The information is required to provide a fixed price quotation (exclusive of VAT) for the Soft Market Testing Exercise.

One third of the fee will be payable on completion of the first draft report. The final payment will be made after submission and approval of the final report, subject to the adherence to the agreed project time frame.

Should the costings be acceptable and the project goes ahead the successful company will be contacted on THURSDAY 12TH MARCH 2015

APPENDIX 2 QUESTIONNAIRE

NEWTON AYCLIFFE RETAILER QUESTIONNAIRE

1. Name of Retailer: [Click here to enter text.](#)

Contact Name & Number: [Click here to enter text.](#)
(We will only use this information to check any areas of uncertainty in this questionnaire.)

- 2. Type of Retail:**
- Food & Grocery
 - Clothing
 - Electrics
 - Homewares
 - Music/DVDs/Books
 - Leisure (restaurant/café/pub)
 - Other

Please specify: [Click here to enter text.](#)

3. Do you currently have a presence in Newton Aycliffe?

- Yes (answer Q. 4 & 5 only)
- No (go to Question 6)

4. If you currently have a presence in Newton Aycliffe, would you consider any additional space, either within the existing retail core or an 'out of town' location?

- Yes
- Town Centre
- 'Out of Town' retail park

How much space or size of Unit: [Click here to enter text.SqM](#); or [Click here to enter text.SqFt](#)



No

5. If you currently have a presence in Newton Aycliffe, could you indicate any improvements you would like to see to encourage trade?

[Click here to enter text.](#)

6. Have you previously considered locating within Newton Aycliffe?

Yes (go to Question 7)

No (go to Question 8)

7. If yes, why have you discounted the location?

Demographics

Location of competing centres/catchment area

Which location(s)? [Click here to enter text.](#)

Lack of suitable modern space

Lack of available space

Lack of available sites

Lack of 'out of town' locations

Quality of retail environment

Other: [Click here to enter text.](#)



8. Is there anything which would encourage you to locate within Newton Aycliffe?

New 'out of town' space (with good access to A1)

Improvements to existing retail core

If so, what?

[Click here to enter text.](#)

Other

Please explain:

[Click here to enter text.](#)

9. Do you have a presence in nearby centres? (Please indicate any you consider relevant.)

Bishop Auckland

Spennymoor

Darlington

Durham

Other

Please name: [Click here to enter text.](#)

10. Is your occupation in a nearby centre a significant reason not to locate in Newton Aycliffe?

Yes

No



11. Do you have any general observations you would like to make which would explain why you would consider other locations to Newton Aycliffe and which would deter your interest in Newton Aycliffe?

Click here to enter text.

APPENDIX 3 - COMPANIES CONTACTED

Aagrah Restaurants	Finlays Ltd
Aldi Stores Ltd	Franks Factory Flooring
Allied Carpets Group	French Connection Group Plc
AMT Coffee	Gap
Arcadia Group plc	Go Outdoors Limited
Argos Retail Group	Greggs Plc
Ark Clothing (also known as Rett Retail)	H&M
Armani Exchange	Halfords Ltd
Asda Wal*Mart	Hallmark
B & M Retail Ltd	Heron Foods Limited
B & Q	Holland & Barrett
Baguette Express	JD Sports
Barker & Stonehouse Ltd	JD Wetherspoon
BB's Coffee & Muffins	Jessops
Beaverbrooks The Jewellers c/o Kenney Moore	KFC
Benson Bed Centres	Lakeland Properties
Blacks Leisure Group Plc	Laura Ashley
Blue Inc	Lee Cooper
Bon Marche	Lidl UK GmbH
Brantano UK	Lipsy
Carpetright plc	Long Tall Sally
Claire's Accessories	Lush
Clinton Cards Plc	Magnet
Coffee Republic	Mamas & Papas
Cosmo Group	MAPLIN ELECTRONICS GROUP (HOLDINGS) LTD
Costa Coffee	Market Cross Jewellers
Cotswold Outdoor	Marks Spencer
Cotton Traders	Matalan
Dallas Carpets	McDonalds Restaurants
Daniel Thwaites Brewery	Mileta Sports
Debenhams Retail	Mitchells Butlers
Decorflair	monsoon
Deichmann Shoes UK Limited	Moss Bros Group plc
Delcor Furniture	Mountain Warehouse
Dixons Retail plc	Mr Pretzels
DocBlack	Mulberry Co (Design) Ltd
DSG Retail Limited t/a Currys & PC World	Nando's
Dunelm Soft Furnishings	New Look
EasyLiving Furniture	Next Group
Emersons Pet Centre	Nisa 8 till 10
Farmfoods Ltd	Oasis Stores Ltd
	Office Shoes
	Pavers Limited

Peacocks Stores Limited	Wagamama
Pets at Home	Waitrose
Pizza Express Restaurants	Waltons Menswear
Pizza Hut (UK) Ltd	Warehouse
Poundland	Waterstones
Poundstretcher	Whole Foods
Pret A Manger	Wilkinson Group of Companies
Primark Stores Ltd	Wm Morrisons Supermarkets PLC
Regent Inns plc	Wolverhampton & Dudley Breweries plc
River Island Clothing	Wren Kitchens Limited
Sainsburys Supermarkets Ltd	Zara UK Ltd
Schuh Ltd	The Slug and Lettuce
Scorpio Shoes	The Restaurant Group plc
SCS Retail Warehouse	Brewers Fayre/Brewsters Family Pub
Select	
Shakeaholic	
Simply B/Jacamo	
Sir John Fitzgerald Ltd	
Slater Menswear	
Smyths Toys	
Sofa Workshop	
Soletrader	
Spar	
SportsDirect.Com Retail (Sports World)	
Staples UK Ltd	
Starbucks Coffee Company (UK) Ltd	
Stonegate Pub Company	
Subway	
Superdrug Stores Plc	
Tesco Stores Ltd	
TGI Fridays	
The Co-operative Group	
The Entertainer c/o Reid Rose Gregory	
The Yorkshire Linen Co	
Timpsons Shoe Repairers	
TK Maxx (TJX Europe)	
Tog 24	
Tortilla	
Triple S Clothing Ltd	
United Colours of Benetton	
W H Smith plc	

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Bristol
BS1 4NDS

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25 Wellington Street
Leeds
LS1 4WG

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Balfour House
46-54 Great Titchfield Street
London
W1W 7QA

York
175 Long Street
Easingwold
North Yorkshire
YO61 3JB

Manchester
5th Floor - The Chancery
58 Spring Gardens
Manchester
M2 1EW

Newcastle upon Tyne
22-24 Grey Street
Newcastle upon Tyne
NE1 6AD

Teesside
Robert House
Westpoint Road
Teesdale Business Park
Stockton on Tees
TS17 6BA

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